



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 **Virtual**
ar **Dydd LLUN, 20FED GORFFENNAF, 2020** am **3.00 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, 16 Gorffennaf 2020 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 3 Chwefror 2020.

5 - 10

3. DATGANIAD LLYWODRAETHU BLYNYDDOL Y CYNGOR 2019/20

11 - 62

4. ADRODDIAD BLYNYDDOL Y PENNAETH ARCHWILIO MEWNOL 2019/20

63 - 92

5. ADRODDIAD BLYNYDDOL Y PWYLLGOR ARCHWILIO 2019/20

93 - 116

6. ADRODDIAD BLYNYDDOL CHWYTHU'R CHWIBAN 2019/20

117 - 126

7. CYNLLUN ARCHWILIO MEWNOL YN SEILIEDIG AR RISG 2020/2021 (DROS DRO)

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8. ARCHWILIO CYMRU - CYNLLUN ARCHWILIO 2020 - CYNGOR BWRDEISTREF SIROL RHONDDA CYNON TAF

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9. ARCHWILIO CYMRU - CYNLLUN ARCHWILIO 2020 - CRONFA BENSIWN RHONDDA CYNON TAF

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10. TRAFOD CADARNHAU'R PENDERFYNIAD ISOD:

“Bod y cyfarfod hwn yn cadw aelodau o'r wasg ac aelodau o'r cyhoedd allan o ystafell y cyfarfod, dan Adran 100A(4) o Ddeddf Llywodraeth Leol 1972 (fel y'i diwygiwyd), yn ystod trafod yr agendwm nesaf, ar y sail y byddai'n debygol o olygu datgelu gwybodaeth eithriedig yn ôl diffiniad paragraff 14 o Ran 4 o Atodlen 12A i'r Ddeddf.”

11. ADRODDIAD GWRTH-DWYLL BLYNYDDOL 2019/20

183 - 196

12. MATERION BRYD

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

**Cyfarwyddwr Gwasanaeth y Gwasanaethau Democrataidd 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 ac
Y Cynghorydd R Yeo

Aelod Lleyg – Mr R. Hull

Tudalen wag



RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on Monday, 3 February 2020 at 5.00 pm at the Committee Room 1, The Pavilions, Cambrian Park, Clydach Vale, Tonypany, CF40 2XX.

Chair in attendance – Mr R Hull

County Borough Councillors - Audit Committee Members in attendance:-

Councillor G Caple	Councillor A Cox
Councillor J Cullwick	Councillor M Adams
Councillor G Davies	Councillor M Norris
Councillor D Owen-Jones	Councillor G Hughes
Councillor S Powell	Councillor R Yeo

Officers in attendance

Mr A Wilkins, Director of Legal Services
Mr P Griffiths, Service Director – Finance & Improvement Services
Ms L Cumpston, Group Audit Manager
Mr C Rees - Wales Audit Office
Mr T Griffiths - Senior Auditor

44 Apologies for Absence

Apologies for absence were received from County Borough Councillors K. Jones, S. Rees, M. Powell and M. Fidler Jones.

45 Declaration of Interest

In accordance with the Council's Code of Conduct, there were no declarations made pertaining to the agenda.

46 Minutes

It was **RESOLVED** to approve the minutes of the 17th December 2019 as an accurate reflection of the meeting.

47 Matters Arising

At the previous meeting, Members raised a number of questions, which are detailed within Minute No. 39 –

- Members identified that audit findings in respect of Paying in Books, E>Returns and LOOMIS receipts at Llantrisant Leisure Centre had been raised on more than one occasion and asked if there were any procedures in place to resolve it. Officers assured Members that all staff at the Leisure Centre had been reminded of the procedures to be

followed by Leisure Management and compliance checks had been introduced. Officers also confirmed that information has been provided to Audit Committee members, via email, setting out cash collection costs for LOOMIS.

- In relation to the audit report for Williamstown Primary, Members raised concerns around safeguarding training and questioned whether all schools were aware that Level 1 and 2 needed to be reviewed every 3 years and facilitated by RCT, with Level 3 being trained every 2 years. Officers informed Members that an email had been circulated to all schools in 2018 and again in 2019 by the Director of Education & Inclusion Services to ensure consistency and copies of these emails had also been forwarded to all Members for information.
- In relation to the audit report for YGG Abercynon, Members spoke of the transitional protection measures for Free School Meals, introduced by Welsh Government on April 1st 2019, during the rollout of Universal Credit and felt that it would be beneficial for the changes to be distributed to schools. Officers advised Members that individual emails had already been circulated to the schools, informing them of each child's entitlement and as part of this communication schools had been signposted to Welsh Government's website for further information.
- In respect of Ysgol Llanhari, Members sought assurance that the recommendations had been implemented. Officers confirmed that Ysgol Llanhari would be included within the following year's audit plan and the outcome reported to a future meeting of the Audit Committee.
- In respect of the Enforcement audit report, Members questioned whether an agreement had been reached regarding the transfer of the existing 3GS footage to the Council. Officers assured Members that this was in hand and that the transfer would be complete by April 2020.
- Members raised concerns that there was no 'formal' dispute process in place for individuals who have been issued with a Fixed Penalty Notice (FPN) to challenge the decision. Officers explained that following April 2020, where the transfer of existing 3GS footage to the Council would be complete, a formal process would be implemented. The officer acknowledged that the right to appeal is key and explained that there were appropriate measures in place in the interim.

48 Internal Audit Performance

The Group Audit Manager presented the Internal Audit performance for the period 1st April 2019 and 20th January 2020.

It was reported that the Internal Audit Plan currently includes 69 individual audit assignments and, as at the 20th January 2020, 59% of planned audit work had been completed to report stage. The officer was pleased to report that this was broadly in line with the position reported the same time last year.

The officer advised Members that although the report stated that there was one audit assignment in progress, there were a number of assignments in the early stages of planning. The officer added that following completion of the planning process, the audit assignments will commence and the status of the audits amended accordingly.

Referring to Appendix 2 of the report, where the status of the recommendations was outlined, the officer advised that the overdue recommendations had now been implemented.

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

49 Finalised Audit Assignments

The Chair introduced the report of the Director of Finance and Digital Services, in respect of the audit assignments completed between 1st December 2019 and 20th January 2020.

Members were asked to consider the following audit assignments:

- Community and Children's Services - The Broker Service 2019/20;
- Community and Children's Services - Direct Payments 2019/20;
- Community and Children's Services - Llwydcoed Crematorium 2019/20; and
- Education and Inclusion Services - Perthcelyn Community Primary School 2019/20.

In relation to the audit assignment for the Broker Service 2019/20, one Member referred to recommendation 5.1.2 and the position that 9 out of 16 referrals did not meet the agreed timescale of replying within 24 hours. The Officer explained that the audit review had identified occasions where there were delays measured in days not hours and that the table in the audit report reflected these occasions. Following discussion, Members were content that the finding was a low priority and that appropriate arrangements had been put in place to monitor the area.

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

50 Wales Audit Office Project Brief: RCT Audit Committee Support and Development

The Service Director of Finance and Improvement Services provided Members with the Wales Audit Office Project Brief, which had been produced to support and develop the Audit Committee, as part of the Council's wider governance arrangements.

It was explained that the project would run over a 12 month period and the Wales Audit Office will seek to develop and scope activities with the Council that align with Audit Committee's forward plan and work programme. The Service Director added that the project will consider the Council's training and development for members;

- changes in membership of Audit Committee, including new Chair and appointment of a new lay member to the Committee; the impact of new local government legislation (as and when enacted) on the role of the audit committee, its responsibilities and its function; and
- The Regional Internal Audit Service and the relationship with audit committee and council officers.

The Chair of the Council's Overview and Scrutiny Committee spoke of the Local Government & Elections (Wales) Bill and advised that the Committee met on 13th January 2020 to collate its response to the proposals. The Member stated that whilst the Committee generally welcomed many aspects of the Bill, they did not support proposals to increase the level of lay membership as it was felt that there would be a reduced level of democratic accountability.

Members sought clarity on the reason for the project and if there was any further information on the workshops. Wales Audit Office fed back that the new local government legislation (when enacted) and its impact on Audit Committee and the Council's preparedness for this, was one of the key drivers for the project. The Wales Audit Office added that further information will be discussed with the Audit Committee with regard to workshops at a forthcoming meeting.

Discussions ensued around the development of the Audit Committee Work Programme and training of its Members. Members welcomed the project and recognised that, regardless of any changes resulting from the Local Government & Elections (Wales) Bill, a project of this nature will help to further develop the effectiveness of Audit Committee's work.

The Audit Committee **RESOLVED** to acknowledge the content of the Wales Audit Office Project Brief for Rhondda Cynon Taf County Borough Council's Audit Committee.

51 Wales Audit Office Annual Improvement Report 2018/19 - Council Progress Update

The Service Director of Finance and Improvement Services provided the Audit Committee with the Wales Audit Office 'Annual Improvement Report 2018/19', which was presented to Council on 18 September 2019 and provided an update in respect of the progress made to date by the Council in implementing the proposals for improvement.

Members were reminded that to discharge the requirements of its Terms of Reference, the Council's Audit Committee has responsibility for:

- Providing independent assurance that there are adequate controls

- in place to mitigate key risks; and
- Determining whether there are any matters of a governance, internal control or risk management nature that require further action or attention.

It was added that as part of discharging its Terms of Reference, Audit Committee should also take account of the conclusions and findings from each Wales Audit Office report when forming an opinion on the adequacy of internal control / governance arrangements in place.

The Service Director drew Members' attention to table 1 of the report, where the Wales Audit Office's annual improvement reports were outlined and explained that these had also been reported to the Council's Overview and Scrutiny Committee on 20th January 2020 to review and challenge the progress the Council is making toward implementing agreed actions.

Discussions ensued around the different, albeit, complementary role, of the Council's Scrutiny function and the potential overlap of the reports between Committees. The Chair commented that a number of the National reports detailed in table 1, were not matters of a governance, internal control or a risk management nature and as such, requested whether these could be reported as 'information reports' to Audit Committee in the future to ensure the Committee's time is appropriately afforded to those key matters that relate to its Terms of Reference. The Service Director confirmed that this feedback will be taken account of as part of future updates to Audit Committee.

The Audit Committee **RESOLVED:**

- a) That there were no matters of a governance, internal control or risk management nature that require further action or attention by Audit Committee; and
- b) That there were no matters of a performance nature that require review by the Council's scrutiny committees.

This meeting closed at 5.35 pm

**R Hull
Chairman.**

Tudalen wag

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

AUDIT COMMITTEE 20th JULY 2020	AGENDA ITEM NO. 3
REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES	DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20 – RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

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

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 2019/20 financial year.

2. RECOMMENDATIONS

In order for Audit Committee to discharge the duties as outlined in Section B¹ of its Terms of Reference, 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 for inclusion within the Council's 2019/20 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 approved, authorise the Director of Finance and Digital Services to include reference within the Annual Governance Statement.

3. REASON FOR RECOMMENDATIONS

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

¹ Audit Committee Terms of Reference (Section 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.*

4. BACKGROUND

- 4.1. Section 3.7 of the 'CIPFA / LASAAC² 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 2019/20

- 5.1 The Council's draft Annual Governance Statement 2019/20 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 entailed reviewing the activities in place around the Council's main governance arrangements, discussing governance arrangements with senior officers across services and taking

² CIPFA / LASAAC – the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

account of the findings from a range of existing reports. The review has also given key regard to the impact of Storm Dennis and the start of the coronavirus pandemic.

- 5.3 Based on the review undertaken, it is considered that the Council's governance arrangements operated effectively, ensured business was properly conducted and publicly demonstrated the proper use of resources in the delivery of Corporate Plan priorities.
- 5.4 The review has also 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 2019/20 Statement of Accounts are approved, 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 2019/20 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 for 2019/20 is that they operated effectively, ensured business was properly conducted and publicly demonstrated the proper use of resources in the delivery of Corporate Plan priorities.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

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

20th JULY 2020

**DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20 – RHONDDA CYNON
TAF COUNTY BOROUGH COUNCIL**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

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

Item:

**4 - DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20 – RHONDDA CYNON
TAF COUNTY BOROUGH COUNCIL**

Background Papers

None.

Officer to contact: Paul Griffiths

Tudalen wag

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

1. INTRODUCTION

1.1 The Council's [Corporate Plan 2016 - 2020](#) 'The Way Ahead' 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 A new [Corporate Plan 2020 - 2024](#) 'Making a Difference' was agreed by Council on 4th March 2020 and this sets the overall direction for the Authority over the next 4 years describing the vision, purpose and priorities to be delivered.

1.5 The Council's agreed Vision, purpose and priorities over this period are:

- Vision – To be the best place in Wales to live, work and play, where people and businesses are independent, healthy and prosperous.
- Purpose - To provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous.
- Priorities:
 - Ensuring People: are independent, healthy and successful;
 - Creating Places: where people are proud to live, work and play; and

- Enabling Prosperity: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.

1.6 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 (RCT) 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. Regard has also been given to the 'Briefing from the CIPFA Better Governance Forum (Annual Governance Statement for 2019/20 – Matters to consider as a result of the coronavirus pandemic (COVID-19))' in respect of conducting the review of the Council's governance arrangements for the 2019/20 financial year.

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 2020.

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 RCT 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 2020 (and up to the date of approval of the 2019/20 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](#). Appendix A provides examples of the key systems, processes and documents that were in place within the Council during 2019/20.
- 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. The Council has developed a Local Code of Corporate Governance and was 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 a range of existing reports. The Review of Effectiveness has also given key regard to the impact of Storm Dennis and the start of the coronavirus pandemic, and is set out at sub-section 5.4.
- 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 **STORM DENNIS AND COVID-19**

Storm Dennis

- 5.4.1 On the weekend of the 15th and 16th February 2020, Storm Dennis caused significant damage to many communities across Rhondda Cynon Taf and was by far the most destructive weather event the area has experienced for a generation.
- 5.4.2 On the 17th February 2020, a Cabinet Steering Group (Major Incident Recovery Board – February 2020 ‘STORM DENNIS’ FLOODING EVENT) was established, through an Urgent Decision of the Leader of the Council, to ensure an authority wide and timely approach was taken in the delivery of services and the prioritisation of resources following this major weather event declared by South Wales Police. In addition, between the 17th February and 4th March 2020, 5 urgent decisions were approved as part of the immediate recovery work and included the release of £1.5Million from the Council’s General Reserves to deliver a range of measures to support residents and businesses affected.
- 5.4.3 With specific regard to the release of £1.5Million from General Reserves (as approved in the urgent decisions of the 17th February 2020 (£1.0Million) and 21st February 2020 (£0.5Million), the Director of Finance and Digital Services (Section 151 Officer) set out that the Council maintains General Reserves for unforeseen and exceptional events and it being wholly appropriate that the Council’s General reserves are used in this way to support such an unprecedented event. As part of these decisions the Director of Finance and Digital Services also set out that the Council should maintain the level of these reserves at a minimum of £10Million and that their level will be replenished going forward as and when Welsh Government funding is confirmed, as part of future budget strategies and / or from any opportunities to release earmarked reserves. As at 31st March 2019, the level of General Reserves stood at £10.498Million, from which the allocation of £1.5Million has been made.
- 5.4.4 In addition, on the 25th February 2020, the Director of Finance and Digital Services formally requested that Welsh Government give special financial assistance to the Council under its Emergency Financial Assistance Scheme. Since this time, the Council has submitted its claim under the scheme and has received funding from Welsh Government amounting to £1.697Million.
- 5.4.5 In respect of the medium to long term impact of Storm Dennis, it is noted that the Council is progressing the assessment of damage to its infrastructure, which at present is estimated to be in excess of £60M. Discussions are on-going with Welsh Government and the UK Government in this regard.

COVID-19

- 5.4.6 On the [18th March 2020](#), an Urgent Decision of the Leader of the Council set out the current emergency planning arrangements for COVID 19 at UK, Wales and locality levels and the potential implications for Council services when the outbreak escalates and the action the Council should take.
- 5.4.7 More specifically, the report set out that in the event of an emergency and urgent situation arising as a result of COVID 19 then, in respect of the exercise of Executive Functions as outlined in the Council's Constitution, and in the absence or unavailability of (1) the Leader or (2) the Deputy Leader, the Leader delegates the power and responsibility of exercising such executive functions to the Chief Executive and the Senior Leadership Team to make decisions and undertake the actions required to ensure key services continue to operate, ensure the Council, its residents and staff interests are protected and the operation of other services be suspended as may be necessary taking into consideration the potential implications of COVID 19.
- 5.4.8 The Council's Chief Executive reported an update on the COVID-19 position in Rhondda Cynon Taf to the [21st May 2020](#) Cabinet meeting that set out:
- Background information to the unprecedented lockdown measures announced by the UK Government on the 23rd March 2020 to stop the spread of the virus between households.
 - How RCTCBC has responded to COVID-19 to date:
 - The majority of key frontline functions continuing to operate with reduced staffing levels and included: the provision of social care services to the most vulnerable; homelessness services, domestic abuse services and substance misuse services; community meals service to the elderly; coordination of the shielding scheme and made contact with 6,726 people identified by the NHS as vulnerable due to COVID-19; Children's Services, Attendance and Well-Being and schools keeping in touch with vulnerable children and families; refuse collection, street cleansing and highways and land reclamation teams continuing to address flooding issues that caused so many problems in the weeks before lockdown; youth services, library services and adult education services delivering a wide range of provision on-line; processing business grants of over £38Million to over 3,300 businesses, processing weekly free school meal cash payments to nearly 9,300 families and processing more Housing Benefit and Council Tax support applications; and providing emergency childcare provision in school settings.
 - The continuation of key back-office functions that included ensuring contractors and Council employees and pensioner are paid; developing and making available a well-being helpline and counselling service to all staff; and the IT Service transforming how the Council works in a

very short period, with over 3,000 staff across the Council working from home.

- Next steps that covered contact tracing and recovery and service planning. All Services have now produced Service Recovery Plans and will be monitored via existing performance management arrangements.

5.4.9 The 21st May 2020 Report also covered the Decision Making and Democratic Engagement and 'Counting The Cost', setting out:

- Decision Making and Democratic Engagement
 - Decision making and governance has continued to operate in compliance with the Council's Constitution.
 - Key Executive decisions such as closing services have been made by the Leader of the Council and/or the relevant Cabinet member in discussion with the Chief Executive and relevant Senior Leadership Team Director(s). A variety of decisions have been taken either as part of the wider coordinated COVID-19 emergency response, or as mandated by the laws that have been enacted as part of the response. All of these decisions have been within the normal delegated powers of Chief Officers, and where possible taken after consultation with the relevant Cabinet Member.
 - Due to social distancing, no Committees have met as at 21st May. Weekly briefings of the Cabinet with the Senior Leadership Team have been held weekly via Microsoft Teams and more recently Zoom video conferencing. The Senior Leadership Team has also met daily, with the Leader in attendance. This has allowed the Senior Leadership Team to make appropriate operational decisions in consultation with the Leader, which has enabled immediate action to occur which has been important.
 - With Covid 19 likely to be prevalent for at least a further year along with social distancing requirements, we need to ensure that the committee processes of local government are reinstated. The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 have changed the pre-existing laws to enable fully remote meetings to take place as long as those participating can hear and be heard. It also provides for the distribution and publication of all associated documents via electronic means only. As a result, the Council will incrementally resume its committee functions and, in consultation with the Chairs of the Committees, arrangements are being made to hold virtual meetings in the near future, starting with Cabinet and Planning.
- 'Counting The Cost'
 - Initial estimations that the financial impact on the Council of the pandemic is at least £4.5Million per month over and above existing resources as a result of additional costs and demand for specific services and lost income and that a further report on the financial implications would be reported to the next Cabinet meeting ([25th June](#))

[2020](#)). The 25th June 2020 report references that a mid-year budget review alongside an updated and interim MTFP will be reported in September 2020.

5.4.10 Since this time, a further Cabinet meeting has taken place, on the [25th June 2020](#), and a full Council meeting on [1st July 2020](#) – both meetings set out their respective forward work programmes for the next 3 months, recognising that the position will be subject to on-going review and may be subject to change to take account of the current unprecedented period that the Council and society at large is living through. In addition, other Committees have begun to meet i.e. Planning and Development Committee on [11th June 2020](#) and the Overview and Scrutiny Committee on [26th June 2020](#).

5.4.11 It is considered that the existing governance arrangements will provide the framework to enable the Council to continue to operate and adapt to the pandemic; however, where it is considered that exceptional circumstances apply that are not currently provided for, these will be reported accordingly.

5.4.12 The remaining sub-sections that comprise the Review of Effectiveness focus on the governance arrangements that operated within the Council for the period 1st April 2019 to 31st March 2020. Where specific arrangements have or are to be put in place as a result of COVID-19, these are referenced within the respective areas.

5.5 PROGRESS MADE TO IMPLEMENT PROPOSALS FOR IMPROVEMENT REPORTED IN THE 2018/19 ANNUAL GOVERNANCE STATEMENT

5.5.1 The 2018/19 Annual Governance Statement identified 6 proposals for improvement. An update on progress was reported to the Council's Audit Committee on [17th December 2019](#) and following consideration the Committee **RESOLVED:** *'That satisfactory progress is being made to implement the recommendations'*.

5.5.2 A detailed position statement of progress to implement each proposal for improvement is set out in Appendix B. In summary, out of the 6 proposals for improvement, 4 have been implemented and 2 are on-going due to their nature (i.e. reviewing performance indicator targets and ensuring the Financial Procedure Rules document continues to be fit for purpose). Based on this position statement, it is considered that, overall, good progress has been made during the year to support improvements to the Council's governance arrangements.

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

Behaving with integrity

Elected Members¹

- 5.6.1 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

- 5.6.2 A Standards Committee was in place during the year to promote, maintain and oversee high standards of conduct by elected Members, with the Terms of Reference for the Standards Committee included within the Council's Constitution.
- 5.6.3 During 2019/20 the Standards Committee had a work-plan in place and met on 2 occasions. An Annual Report for 2019/20 was due to be presented to full Council in May 2020; however, due to the coronavirus pandemic this has been re-scheduled to September 2020.

Council employees

- 5.6.4 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.

Arrangements in place to tackle potential misappropriation

- 5.6.5 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](#). In addition, there were arrangements in place to tackle potential [fraud, bribery and corruption](#).
- 5.6.6 The Audit Committee has overall responsibility for overseeing the governance arrangements in place in respect of whistleblowing and tackling potential fraud, bribery and corruption. Updates received by Audit Committee during the year in respect of these arrangements were:

¹ Elected Members – also referred to as elected Councillors

- Anti-Fraud, Bribery & Corruption

An Anti-Fraud, Bribery & Corruption Progress Report for 2019/20 was reported to Audit Committee on 17th December 2019 that set out progress against the programme of work for 2019/20 (including the National Fraud Initiative). The report concluded that progressing the Anti-Fraud, Bribery & Corruption work programme for 2019/20 will ensure the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventive measures capable of identifying and addressing new threats. Audit Committee reviewed the update and acknowledge the outcomes of the anti-fraud work progress during 2019/20.

The Annual Report for 2019/20 was due to be reported to Audit Committee on 27th April 2020 in accordance with the agreed [work plan](#) for 2019/20. Due to the impact of COVID-19, this meeting was cancelled and arrangements have been made for the report to be considered by Audit Committee at its July 2020 meeting. Based on the anti-fraud, bribery and corruption information reported during 2019/20 (i.e. the progress report in December 2019), it is considered that sufficiently robust arrangements were in place.

- Whistle-Blowing

As part of the Annual Governance Statement 2018/19 Progress Update reported to Audit Committee on 17th December 2019, assurance was provided that on-going staff awareness raising is taking place for this area, for example, the whistle-blowing policy being highlighted as part of the staff and manager induction processes and a pay-slip insert issued in December 2019 raising awareness of the policy and how to 'blow the whistle'. A Whistle-Blowing Annual Report for 2019/20 was scheduled to be reported to the 27th April 2020 Audit Committee and, as referenced above, arrangements have been made for the report to be considered at the July 2020 Audit Committee. The conclusion of the Director of Human Resources as set out in the 2019/20 Annual Report and subject to approval by Audit Committee is '*Based upon the information contained within this report, I conclude that overall the Council's whistleblowing arrangements are appropriate*'. It is also noted that the Whistle-Blowing Policy and Procedure was last reported to Audit Committee for review in October 2016.

PROPOSAL FOR IMPROVEMENT

- 5.6.7 Although the Whistle-Blowing Policy and Procedure is kept under on-going review at an operational level, it is recommended that the Council's Whistle-Blowing Policy should be subject to a full review, taking into account intelligence gathered since the last update, and reported to Audit Committee during 2020/21 for review, challenge and sign-off.

- 5.6.8 Work in this area has also been informed by the results of the Staff Survey undertaken in 2018, the results of which were reported to Audit Committee on 4th February 2019. This information has been re-reviewed in 2019/20 and concluded that there were no pockets of service areas where awareness is low and that the data indicated a general lack of awareness, rather than being service specific. A series of actions are being taken to address this, as reported in the Annual Governance Statement 2018/19 Progress Update reported to Audit Committee on 17th December 2019 (as referred to in paragraph 5.6.6 above).
- 5.6.9 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

- 5.6.10 A report was presented to Cabinet at its meeting held on [17th October 2019](#) setting out an overview of the Council's statutory Social Services complaints procedure for the period April 2018 to March 2019. The report provided a summary of all complaints and compliments received, and concluded by identifying lessons to be learnt and changes to relevant procedures / protocols.
- 5.6.11 The Report noted that a total of 88 complaints were received across both Adult and Children's Services during the year and this represented a significant reduction of 77 complaints when compared to the previous year. The report also stated that for both Adult and Children's Services there were more compliments received (163) than complaints (88) and this was encouraging and allows the Service to get better at what they do and avoid similar issues in future.

Comments, Compliments and Complaints - Non-social services

- 5.6.12 An Annual Report covering 2018/19 was presented to the Overview and Scrutiny Committee on [3rd September 2019](#) that set out areas for improvement and for progress reports regarding the Council's corporate Customer Feedback Scheme to be presented to the Committee on a bi-annual basis. It is considered that the introduction of bi-annual reporting will provide further visibility on this area and enable monitoring of areas for improvement.

Demonstrating a strong commitment to ethical values

Elected Members

- 5.6.13 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. Code of Conduct training is mandatory and is continually available to all Elected Members. Training is provided to all newly

elected Members on a one to one basis following bi-elections and Members are reminded through their Personal Development Reviews (PDR) that they are able to contact the Council's Monitoring Officer directly with any queries relating to the Code of Conduct (See also Appendix B – Recommendation 4 for further information).

The Council's supply chains

- 5.6.14 The Council plays a significant role in the utilisation of national framework contracts as well as local contractual arrangements, and is responsible for ensuring that its business is conducted in accordance with the law, applies high ethical values, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council's Contract Procedure Rules provides the framework to achieve this and a 'Procurement Policy – Social Responsibility' was approved through a Record of Urgent Joint Decision of the Deputy Leader and Cabinet Member for Corporate Services on the [24th March 2020](#) to further reinforce the arrangements in this area and align with the three key initiatives issued by Welsh Government to take account of as part of the procurement process: Community Benefits; Code of Practice Ethical Employment in Supply Chains; and Opening Doors: the Charter for SME Friendly Procurement.

Respecting the rule of law

- 5.6.15 The Chief Executive (as Head of Paid Service) led the Council's officers and chaired the SLT (that also comprised the statutory roles of Chief Finance Officer and Monitoring Officer together with other key positions).
- 5.6.16 At the [24th January 2019](#) Cabinet meeting, revisions were agreed to the Council's Senior and Associated Management Post Structure; this included a new Chief Finance Officer being appointed from 11th March 2019 (as approved by Council on [6th March 2019](#)) and a new Monitoring Officer appointed from 1st April 2019, following the two previous post-holders leaving the Council.
- 5.6.17 With specific regard to the Chief Finance Officer position within the Council during 2019/20, 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.*

5.7 ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Openness

A commitment to openness

General Data Protection Regulation

5.7.1 The General Data Protection Regulation (GDPR) came into force on the 25th May 2018. During 2019/20 the Council demonstrated accountability and transparency when handling and processing personal and sensitive information that it holds in respect of individuals by:

- Having in place a Data Protection Policy and Data Protection web-page and designating the post of Data Protection Officer to an existing member of staff;
- Formally recording the lawful basis upon which data / information is processed within suites of documents called Data Protection Registers; and
- Having in place '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.

5.7.2 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

5.7.3 The Council operated a Freedom of Information (FOI) Act 2000 publication scheme in accordance with legislative requirements. During 2019/20 the Council received 1,030 FOI/Environmental Information Regulations (EIR) requests. Response statistics and any complaints investigated by the Information Commissioner's Office (ICO) 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.

5.7.4 During 2019/20 the Council received 6 complaints which had been referred to it by the ICO:

- 3 of the complaints related to requests not being responded to within the statutory 20 working day period. With the agreement of the ICO all 3 requests were subsequently responded to within 10 working days.
- 2 of the complaints related to requests where the requester believed not all information was being disclosed as part of a response but following an investigation the ICO concluded in both cases that the Council had provided all information it held.
- 1 complaint contained elements of both FOI and Data Protection legislation and following dialogue with the ICO additional information was released to the requester as part of early resolution.

5.7.5 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

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

- The [15th May 2019](#) Council meeting agreed and published a calendar of meetings for the 2019/20 municipal year for Council, Cabinet, Licensing Committee, Audit Committee and the Planning & Development Committee, in line with its Constitution;
- Cabinet published its work programme on [18th June 2019](#) for the 2019/20 municipal year and refreshed this on three occasions: [11th September 2019](#), [17th December 2019](#), [24th March 2020](#); 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 previously made by the Wales Audit Office (now Audit Wales).

5.7.7 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 work programmes are placing more emphasis on key service or policy matters, based upon a revised criteria which includes alignment to the Council's priorities and those matters of interest to the public, and they allow for more in depth reviews and referrals from other Committees including Council and Audit Committee.

Decision making and scrutiny of decisions made

5.7.8 Cabinet is a key decision making body within the Council. From a review of reports presented to Cabinet during 2019/20:

- All reports were in the required format;
 - A total of 108 reports were presented, 97 of which were made publicly available and 11 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;
 - 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 (unless deemed to be urgent decisions and therefore not subject to call in);
 - During the 2019/20 Municipal Year, one Cabinet decision was called in:
 - 21st Century Schools Programme – Proposal to reorganise Primary Schools, Secondary Schools and sixth Form Provision in the Greater Pontypridd Area.
 - The Call-In was considered at a special Overview & Scrutiny Committee held on the [31st July 2019](#) having regard to the reasons set out in the two call-in forms. Following consideration of the issues set out in both call-in forms and in accordance with the Overview & Scrutiny Procedure Rules, Committee resolved that both matters not be referred back to Cabinet for reconsideration and therefore the Cabinet decision taken on 18th July 2019 took effect from the closing of the meeting.
- 5.7.9 Record of Urgent Decisions of the Leader, Cabinet Members and Delegated Officer Decisions were published on the Council's [website](#). For the 2019/20 financial year, 51 decisions were published and in line with the Council's Constitution, these were reported to full Council for information purposes.

Engagement with residents / stakeholders

- 5.7.10 The Council set out its commitment to engage with residents and stakeholders in its 'Corporate Plan 2016 – 2020 'The Way Ahead' to help achieve the outcome of 'more involved and resilient communities'. A further consultation exercise was undertaken in respect of the 'Corporate Plan 2020 – 2024 'Making a Difference' – this Plan was agreed by Council on 4th March 2020 and sets out the Council's priorities for the next 4 years.
- 5.7.11 Engagement arrangements are 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](#).
- 5.7.12 During the year the Council undertook a variety of consultation exercises, some in partnership with other public sector organisations. It is noted from a review of a sample of Council and Cabinet Reports that a 'Consultation'

section is included setting out the results of consultation feedback (where appropriate) to inform decision making and a broad range of communication methods were on offer to encourage stakeholders to express their views.

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

5.8.1 For 2019/20, the Council compiled draft action plans for its three Corporate Plan priority areas of 'People', 'Place' and 'Economy', and these were subject to pre-scrutiny by the Finance and Performance Scrutiny Committee on [8th July 2019](#), as contained within the draft Corporate Performance Report 2019/20. The action plans set out the Council's priorities, outcomes to be delivered, key actions and performance measures and targets, and the pre-scrutiny process concluded that the '*Council's ambitions for 2019/20 are understandable and will enable progress and impact to be measured and scrutinised*'. The draft action plans were then:

- Reported to Cabinet on [18th July 2019](#), where they were endorsed and Cabinet recommended their approval by Council; and
- Reported to and approved by Council on [31st July 2019](#).

5.8.2 During the year, Corporate Plan priority action plan updates were reported publicly on a quarterly basis in line with the Council's Constitution i.e. firstly to Cabinet for review / approval and then to the Finance and Performance Scrutiny Committee for further review / scrutiny. The quarterly updates during the year were (noting that due to the COVID-19 pandemic, alternative arrangements were put in place for the Quarter 3 and 4 reporting processes):

- Quarter 1 – Cabinet [24th September 2019](#) / Finance and Performance Scrutiny Committee [4th November 2019](#);
- Quarter 2 – Cabinet [21st November 2019](#) / Finance and Performance Scrutiny Committee [16th December 2019](#)
- Quarter 3 - The scheduled Cabinet and Finance and Performance Scrutiny meetings were cancelled due to COVID-19. The Quarter 3 Report was instead approved by a Record of Urgent Decision of the Cabinet Member for Corporate Services on [24th March 2020](#); and
- Quarter 4 (Year-End Report)– it is noted that the Council's Quarter 4 report will be reported to the July 2020 meeting of the Cabinet and then scrutinised by the Overview and Scrutiny Committee.

5.8.3 In terms of compliance with statutory reporting requirements as set out in the Local Government (Wales) Measure 2009 and the Well-being of Future Generations Act 2015, the Council intends to:

- Publish a backward looking assessment of its performance for the 2019/20 financial year in line with the statutory date of no later than 31st October.

- Publish forward looking action plans for 2020/21 based on the priorities of 'Prosperity', 'People' and 'Places' as included in the new Corporate Plan 2020 – 2024 "Making a Difference". It is intended that forward looking action plans will be published in quarter 2 of 2020/21.

Medium Term Financial Plan (MTFP)

- 5.8.4 As part of providing elected Members with information to support future consideration of reports in relation to the Council's Medium Term Financial Planning arrangements, a joint presentation was made to full Council on [19th June 2019](#) by the Council's Director of Finance and Digital Services and the Welsh Local Government Association's Director of Resources.
- 5.8.5 The Director of Finance and Digital Services also reported an updated MTFP covering the period 2019/20 to 2022/23 to Cabinet on [18th July 2019](#), where it was agreed wider engagement with full Council and the Finance and Performance Scrutiny Committee be undertaken. In line with this, the updated MTFP was reported to full Council on [31st July 2019](#) and a presentation made to the Finance and Performance Scrutiny Committee on [4th November 2019](#) titled 'Understanding the Council's Budget'.
- 5.8.6 The updated MTFP set out:
- 2019/20 Revenue Budget (£483.5M) - 85% of the revenue budget was allocated to Corporate Plan priorities and the remaining 15% allocated to Authority Wide Costs, Other Services To The Public, Regulatory Public Services and Core Support; and
 - 2019/20 to 2021/22 Capital Programme (£173.202M) – 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

- 5.8.7 Additional investment was approved by Council during the year to further support the delivery of Corporate Plan priorities: on [23rd October 2019](#) amounting to £5.800M and [4th March 2020](#) amounting to £11.850M. It is noted that the opportunity to deliver additional investment, over and above the normal Capital Programme, is the continuation of a strategy since 2015 and has enabled £107M to be invested since this time through assessing and releasing earmark reserves, setting resources aside to fund prudential borrowing and allocating additional one-off Welsh Government funding.
- 5.8.8 Based on the arrangements and information reported during the year, there is clear evidence that the Council has publicly set out its ambitions, provided updates on progress and opportunity for review and scrutiny, and focussed its resources to support the delivery of its Corporate Plan priorities.

5.9 DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Determining and planning interventions

- 5.9.1 The Council's decision making arrangements during 2019/20 were based on written reports in an agreed format, having regard to financial, legal and consultation matters, and alignment with the Well-Being of Future Generations Act (this includes, for example, Council and Cabinet reports).
- 5.9.2 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 Senior Leadership Team

- 5.9.3 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 – supporting town centre regeneration as part of the Porth Town Centre Strategy (for example, the redevelopment of Porth Plaza as a new community hub for the town); the Mountain Ash Town Centre Framework (for example, the redevelopment of Guto Square); and in Pontypridd (for example, development of Llys Cadwyn and the link bridge to Ynysangharad Park);
 - People Priority – meeting the needs of residents requiring support to live independently through progressing the Extra Care Housing Development programme and Supported Housing Schemes; and
 - Place Priority – working with partners as part of the Cwm Taf Community Safety Delivery Plan, with anti-social behaviour being an area of key focus.

Scrutiny Committees

- 5.9.4 Scrutiny Committees have undertaken a broad range of work during the year including pre-scrutiny of the Council's draft Corporate Plan 2020-24 and also proposals to modernise residential care and day care for older people; set up specific working groups to consider discrete areas such as recycling in communal areas and development of infrastructure to support low carbon vehicle ownership; acted as a consultee as part of the Council's 2020/21 Revenue Budget Strategy consultation process; and scrutinised the Council's performance as part of quarterly Performance Reporting arrangements throughout the year.

Performance Reports

- 5.9.5 Performance Reports provided quarterly 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.
- 5.9.6 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

- 5.9.7 On [28th September 2017](#) Cabinet agreed a way forward to deliver Corporate Plan priorities in a climate of 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.
- 5.9.8 Work was undertaken during 2019/20 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 efficiency savings to support an Efficient and Effective Organisation.
- 5.9.9 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 the feedback of respondents is set out below.

	Yes (%)	No (%)	Don't Know (%)
Digitalisation	64	24	12
Early Intervention and Prevention	87	7	6
Commercialisation	60	24	16
Efficiency	78	11	11
Independence	78	12	11

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

Developing the entity's capacity

5.10.1 The Council undertook a 'corporate self-assessment' and completed 'individual service self-evaluations' to inform service planning for 2019/20 and to assess the Organisation's current position and areas for improvement. This was reported to Cabinet on [19th March 2019](#) and to the Finance and Performance Scrutiny Committee on [2nd April 2019](#).

5.10.2 The above arrangements, supported by the 2019/20 Revenue Budget Strategy and an on-going programme of investment, continued to evidence that the Council is developing its capacity in priority areas within a very challenging financial climate. This is being evidenced through:

- Strong and focussed leadership from the Cabinet and Senior Leadership Team, with good progress being made in delivering the majority of the commitments set out in the Corporate Plan;
- On-going investment in digitisation to support more agile working, reduce accommodation requirements and employee improve work / life balance;
- A focus on providing more services on-line for residents and businesses, in line with public expectations;
- The recruitment, development and management of staff and the appointment of graduates and apprentices to create excellent job and training opportunities across a range of key service areas;
- A continued focus on improving staff attendance through providing those service areas with high levels of sickness access to specialist HR support and advice; and
- Working with partners and Welsh Government to fund and deliver projects in Town Centres as well as playing a key part in the Cardiff Capital Region City Deal and Cwm Taf Public Services Board.

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

5.10.3 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

5.10.4 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. This work has continued during 2019/20 through the availability of Member Personal Development Reviews (PDRs) which identified individual training needs and training has been complemented through the use of specific sessions, for example, an update on Medium Term Financial Planning arrangements in advance of a full Council meeting.

- 5.10.5 Through the use of the PDRs, bespoke training packages have also been delivered to Members and following enquiries from Members in respect of their roles, policies are being created to support members going forward.
- 5.10.6 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.
- 5.10.7 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.
- 5.10.8 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.
- 5.10.9 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 decade². 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 2020.

Member Survey

- 5.10.10 In accordance with s6(2) of the Local Government (Wales) Measure, 2011 Member views have been sought on their preference for start times of meetings by means of a survey which was conducted between 1st April to the 13th April 2019. The results of the survey were reported to the Democratic Services Committee held on the [17th July 2019](#) and demonstrated that 98% of Members are happy with the level of support provided to them through the Council Business Unit subject to some suggested improvements. Those improvements have all since been progressed such as providing new

² 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.

Members on Scrutiny Committees with an induction with the Head of Democratic Services and the Scrutiny Support Officer and where possible the Chair or Vice Chair of the Committee to fully brief them on the work programme and terms of reference. Members' views will again be sought in respect of their preference for the start times of meetings as well as the appropriateness of the support available to them in a survey which will be circulated and discussed at a future Democratic Services Committee.

Developing the capabilities of employees

5.10.11 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.

5.10.12 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.

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

Managing risk

5.11.1 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. The framework sets out two levels of risk: Strategic Risks – those that the Council faces when delivering its Corporate Plan Priorities and Operational Risks – those associated with the delivery of service objectives and included within Service Delivery Plans.

Strategic Risks

5.11.2 The Council's strategic risks are set out in a Strategic Risk Register and updates were reported publicly to Cabinet and the Finance and Performance Scrutiny Committee during the year as part of performance reporting arrangements - the latest published strategic risk register update can be viewed by clicking [here](#) (noting that the 2019/20 year-end Strategic Risk Register will be reported to Cabinet in July 2020).

5.11.3 From reviewing the quarterly strategic risk register updates for 2019/20, it was noted that:

- New risks were incorporated into the register i.e. delivery of the 21st Century Schools Band B Programme and expectations placed upon the Council to become net zero by 2050 in respect of its carbon emissions;
- Risk Scores revised to take account of up-to-date information i.e. the specific project to relocate the Council's data Centre and its importance in supporting the Council's I.T. infrastructure and the risk of a No Deal Brexit seeming ever more likely and the economic and other risks that could materialise; and
- Revisions to risk descriptions to reflect updated positions, for example, making reference to cyber risk.

Operational Risks

- 5.11.4 These risks are monitored by Service Delivery Plan owners as part of the operational management of services.
- 5.11.5 In addition to the above, to assist Management in applying consistent risk management arrangements, a Risk Management Toolkit is in place.

Audit Committee

- 5.11.6 The membership and planned meeting frequency of the Council's Audit Committee (8 scheduled meetings) during 2019/20 was in line with the Council's Constitution and legal requirements. It is noted that two of the scheduled meetings due to take place as part of the 2019/20 Audit Committee Work-plan were cancelled as a result of the limitations placed on the Council due to COVID 19 and a virtual Audit Committee meeting has scheduled for July 2020 for the Committee to consider draft certified financial statements and other year-end governance related year-end reports, for example, the Council's Annual Governance Statement.
- 5.11.7 The CIPFA Publication '*Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition*' set out that the role of the Audit Committee in relation to risk management covers three major areas:
- Having assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks;
 - Keeping up to date with the risk profile and the effectiveness of risk management actions; and
 - Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

5.11.8 At the 17th December 2019 Audit Committee an update was reported titled 'Arrangements in place to manage corporate risks' and included proposals for improvement, that were agreed by Audit Committee, to further reinforce the arrangements currently in place. The proposals for improvement agreed at the 17th December 2019 meeting together with a further proposal for improvement in respect of operational risk management are set out below.

5.11.9 During the year, work has been undertaken with the Chairperson of Audit Committee to compile a draft Audit Committee Annual Report for 2019/20 (incorporating a self-assessment against the CIPFA 2018 Practical Guidance note). Based on the work undertaken, the Chairperson of the Audit Committee has concluded, subject to approval by the Committee, that:

- *Our work-plan for this financial year has been balanced and has continued to build on the change in approach introduced in 2018/19 of broadening the items or topics reported to Audit Committee. In addition to this, a range of Officers have attended the Committee and this has continued to help us to deliver our Terms of Reference.*
- *I believe that we have discharged the responsibilities placed upon us and the proposals for improvement that have arisen from the self-assessment will help further improve our arrangements and effectiveness.*

PROPOSALS FOR IMPROVEMENT

5.11.10 Risk Management – the proposals for improvement agreed by Audit Committee on 17th December 2019 were:

- Strengthen Audit Committee's visibility of the Council's risk profile through presenting 'Strategic Risk Register' Information Reports to the Committee;
- Provide Audit Committee with 'Risk Updates' to enable the Committee to consider the arrangements in place for the management and ownership of risks across the Council, including, for example, new risks and changes in risk scores;
- As part of developing an on-going programme of training and support for Audit Committee, consider (amongst other things):
 - The levels of awareness / understanding of risk management best practice for elected Members; and
 - Are there opportunities to further utilise the expertise of the Council's audit and scrutiny functions to support improvement in risk management / governance arrangements e.g. topics being referred between scrutiny and audit committees?
 - Share of good practise with other local authorities, for example, the local authorities that comprise the Regional Internal Audit Shared Service.

5.11.11 Whilst assurance is in place around the on-going monitoring and reporting of Strategic Risks, assurance work should be undertaken to confirm the

adequacy of arrangements for operational risk management, in line with the Council's Risk Management Strategy.

5.11.12 The Audit Committee Annual Report 2019/20 – the draft Audit Committee Annual Report for 2019/20 recommends a number of proposals for improvement and, subject to approval by Audit Committee, these should form the basis of an action plan to support on-going improvement to the work of the Committee and be progressed alongside the Audit Wales project 'Rhondda Cynon Taf Audit Committee - Support and Development'. The proposals for improvement include:

- Complete the skills assessment for Members of Audit Committee;
- Agree a refreshed programme of learning and development (informed by the skills assessment exercise) and incorporate into the Audit Committee annual work-plan; and
- Using one area of the Audit Committee's Terms of Reference, pilot an approach to evaluating the impact of its work (with the aim of learning lessons and developing an approach to evaluate other areas of the Committee's work).

Managing performance

5.11.13 There was continued focus on the Council's performance management arrangements during the year through Service Self-Assessment / Service Delivery Planning 'challenge sessions' with the Chief Executive and designated Cabinet Member. The on-going work is supporting an overall improvement in the content of the documents via more clearly defined outcomes and further alignment with the individual performance management arrangements to all staff.

Scrutiny

5.11.14 Good progress has been made in response to the review of Council's Scrutiny arrangements, which was reported alongside the Council's response to Overview and Scrutiny Committee in [October 2018](#). This includes strengthening the support provided to Members, through a single Council Business Unit (CBU). The Unit, agreed [by Democratic Service Committee on 12 November 2018](#) has centralised the support to all of the Council's democratic functions and decision making arrangements. The provision of a Scrutiny Graduate Research Officer is able to support Members' Scrutiny responsibilities.

5.11.15 An update report outlining the improvements to the Council's Scrutiny function was presented to the Overview & Scrutiny Committee on the [1st May 2019](#). The improvements noted to date include (and will be an on-going process):

- The formalisation of meetings of Scrutiny Chairs and Vice Chairs;

- A revised set of clearly defined Terms of Reference for each Scrutiny Committee (placing the Corporate Priority 'Economy' under the Finance & Performance Scrutiny Committee and the Crime & Disorder Committee to the Overview & Scrutiny Committee, the overarching Scrutiny Committee and therefore providing a more strategic role and serving as a platform for receiving updates from the Police Crime Panel as previously requested by the Overview & Scrutiny Committee);
- A more concise forward work programme for each Scrutiny Committee which will provide greater focus on those matters which can produce tangible outcomes, align themselves to the Council's priorities and interest to the public and allows for a more in depth review of each topic (with any reports for 'information' only being provided via link only);
- Improved Notices of Motions (NOM) arrangements through a more efficient alignment between Council and Scrutiny and more clarity from the Proposer and Seconder on the meaning of the NOM;
- Development of the dedicated Scrutiny website since its launch in 2018 with updates on scrutiny committees and Chairs' Blogs;
- Continued engagement sessions between the Scrutiny Chairs and their respective Cabinet Members to formulate the forward work programmes;
- Improved public engagement and involvement in the Scrutiny process through the publication of a Public Participation Guide; and
- The implications of the Well-being and Future Generations Act on Scrutiny Committees have been considered and the Scrutiny Toolkit issued by the Future Generations Commissioner was tested in a Scrutiny Working Group, which considered the Council's Infrastructure for Low Carbon Vehicles (LCV).

Internal control

- 5.11.16 Internal Control arrangements are covered within paragraphs 5.12.6 and 5.12.7.

Managing data

- 5.11.17 An Information Management Plan is in place that sets out the framework, including legal requirements, for information management within the Council.
- 5.11.18 A review of the arrangements in place during 2019/20 identified they were in line with the agreed governance structure. More specifically (and in addition to the information set out at paragraph 5.7.1 – GDPR):
- An Information Management Board was in operation and has been running for several years. This was chaired by the Council's Senior Information Risk Officer, key service areas were also represented by Head of Service level or above;
 - The Council continued to secure its annual accreditation to the Public Service Network (PSN) in January 2020 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;

- The Council attained Cyber Essentials certification in July 2019. Cyber Essentials is a Government backed scheme that evidences an organisations resilience against common cyber-attacks; and
- An ICT Security Group was in operation and has been running for several years. The group is made up of representatives from each ICT team and its purpose is to support PSN and Cyber Essentials accreditation in addition to providing assurances in respect of proposed changes to applications, or the introduction of new technology.

5.11.19 It was noted that alongside the above activity, the Information Commissioner's Office (ICO) investigated 8 self-referrals in respect of the Council during 2019/20. In all cases, the ICO determined that no further regulatory action was required and were satisfied with the Council's investigation of the breaches and the remedial measures identified.

Public Services Ombudsman for Wales (PSOW)

5.11.20 It has been noted that 11 referrals³ were considered through the Council's Complaints and Concerns Procedure, the outcomes from which were that no further action was deemed necessary. An additional referral was investigated by the PSOW (a final report is due to be received) and 1 further referral was dealt by way of an 'early settlement'.

Strong public financial management

5.11.21 The Council has publicly demonstrated its commitment to strong and responsible financial planning and management, and has supported this through the continued delivery of sound financial performance during 2019/20. This is based on:

- 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 that have been compiled with, for example, 'Budget and Policy Framework Procedure Rules' and the 'Financial Procedure Rules';

³ 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 set a Revenue Budget in 2019/20 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 3.6% 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 (with the quarter 4 (year-end) report scheduled to be publicly reported in July 2020);
- The Council kept its finances under on-going review throughout 2019/20 and was able to release resources from earmark reserves (as referred to in 5.8.7) to support additional one-off investment in Corporate Plan priorities. It is noted that the availability of one-off funding was 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;
- The Council complied with new legislative requirements, for example, the external audit of the 2018/19 Statement of Accounts for the Council and Rhondda Cynon Taf Pension Fund was completed and approved by full Council on the 31st July 2019, in advance of the statutory timescale of 15th September for the 2018/19 financial year and in compliance with the earlier closing timetable that become a statutory requirement with effect from the 2020/21 financial year;
- The Wales Audit Office Management Letter for 2018/19 was presented to Audit Committee by the Wales Audit Office on 16th September 2019. The report stated that: the draft financial statements for the year ended 31st March 2019 were received on 31st May 2019 in line with the agreed deadline. It also reported that the draft financial statements were of good quality and concluded that the Council's key financial statements can be relied on to materially correct outputs;
- The Council is financially stable as a result of 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 Office⁴ (as demonstrated in the latest Wales Audit Office Management Letter relating to the 2018/19 Statement of Accounts reported to Audit Committee on [16th September 2019](#)); 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.

⁴ Wales Audit Office – from 2020/21 the organisation has been renamed as Audit Wales

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

Implementing good practice in transparency and reporting

- 5.12.1 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, for example, the Council's Statement of Accounts and quarterly Performance Reports. It is noted that the Annual Reports for the 2019/20 financial year in respect of Audit Committee, Scrutiny Committees and Standards Committee are scheduled to be reported to full Council in September 2020.

Cabinet Attendance at Scrutiny

- 5.12.2 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 2019/20, for example, to the Finance and Performance Scrutiny Committee on [16th December 2019](#).
- 5.12.3 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. 2018/19) Annual Governance statement is available and once approved the 2019/20 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

- 5.12.4 The Council's Cabinet approved for the Internal Audit Service to be transferred to a Regional Internal Audit Shared Service (hosted by the Vale of Glamorgan Council), with effect from 1st April 2019. A review of information presented by the Regional Internal Audit Shared Service to Audit Committee during the year provides assurance that the Service continued to play a key part in enabling the Committee to fulfil its Terms of Reference.

- 5.12.5 An Internal Audit Charter was in place for the 2019/20 financial year that was approved by Audit Committee on [25th March 2019](#) 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.
- 5.12.6 The Head of Internal Audit has produced a Head of Internal Audit Report for 2019/20. Subject to Audit Committee consideration at its meeting in July 2020, the Head of Internal Audit Report states:
- *from the work undertaken during the financial year 2019/20 and taking into account other sources of assurance, the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019-20 is: "Effective with a small number of areas identified for improvement".*
 - *based on the work completed by the Regional Internal Audit Shared Service for the financial year no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.*
- 5.12.7 In addition, the Head of Internal Audit's Annual Report 2019/20 confirmed overall conformance to the Public Sector Internal Audit Standards and the Covid19 outbreak has had little impact on the delivery of the internal audit plan for 2019/20 as relevant testing in all but 3 planned reviews had been completed prior to the lockdown coming into force allowing draft reports to be issued.

5.13 OTHER KEY GOVERNANCE ARRANGEMENTS

Amgen Cymru Ltd

- 5.13.1 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.
- 5.13.2 The directors of the companies are responsible for ensuring there are sound governance arrangements including a robust system of internal control.
- 5.13.3 The Council removed the "arm's 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.

5.13.4 During 2019/20 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

Pension Fund

5.13.5 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, including the Fund's policy on how social, environmental and corporate governance considerations are taken into account; and
- Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.
- Pension Fund Risk Register, which identifies, prioritises and monitors risks associated with the Fund, against suitable mitigation controls.

5.13.6 All of these documents can be found at the following link:
www.rctpensions.org.uk

5.13.7 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.

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

5.13.9 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.

5.13.10 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.

5.13.11 The Pension Fund Committee met 3 times during the Municipal Year 2019/20.

5.13.12 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.

OVERALL ASSESSMENT OF THE COUNCIL'S ARRANGEMENTS

- 6.1 Based on the assessment undertaken, it is considered that the Council's governance arrangements operated effectively, ensured business was properly conducted and publicly demonstrated the proper use of resources in the delivery of Corporate Plan priorities. This overall conclusion is supported by:
- Sound arrangements to support elected Councillors and Officers in the effective discharge of their responsibilities and their on-going training and development, and also in maintaining high standards of conduct when undertaking business on behalf of the Council;
 - Executive and Delegated Officer decision making being evidence based, timetabled in advance (where appropriate), publicly reported and in line with the Council's Constitution;
 - On-going awareness raising within the Council 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;
 - An open approach to engaging with stakeholders, partners and the Council's scrutiny function in the planning and delivering services;
 - The continued reporting of understandable priorities and ambition, as set out in the Council's Corporate Plan, with regular progress reports published and reported to Cabinet and reviewed by the Council's scrutiny function. The Council wide position for the year shows improving performance results overall supported by on-going additional investment in priority areas and maintaining financial stability;
 - A medium term approach to financial planning, within a very challenging public sector financial climate, that helped inform strategic decision making and prioritisation of resources;
 - An unqualified audit opinion from the Council's external auditor on the Council's latest approved Statement of Accounts (2018/19) and assurance from the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019/20; and
 - 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(s)
Tudalen 49 BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW	5.6.7	<u>Whistle-Blowing</u> Although the Council's Whistle-blowing policy is kept under on-going review at an operational level, the Policy was last reported to Audit Committee for consideration in October 2016.	The Council's Whistle-Blowing Policy should be subject to a full review, taking into account intelligence gathered since the last update, and reported to Audit Committee for review, challenge and sign-off.	December 2020	Director of Human Resources
	5.11.10 / 5.11.12	<u>Audit Committee</u> Risk Management – strengthen Committee's visibility of the Council's risk profile and provide Audit Committee Members with the appropriate support to further development their skills in this area. Learning and Development – although individual elected Member training and development arrangements are	<ul style="list-style-type: none"> Strategic Risk Register updates to be incorporated into the Audit Committee work programme. Complete a skills assessment for members of Audit Committee the results from which will inform a refreshed programme of learning and 	October 2020 From October 2020	Service Director – Finance and Improvement Services Service Director – Democratic Services and Communications

APPENDIX 1

Tudalen 50

		in place, no skills assessment has been undertaken for Audit Committee members (informed by the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition')	development for the Committee (and should then be incorporated into an action plan for Audit Committee to support its on-going development and link to the Audit Wales project 'Rhondda Cynon Taf Audit Committee - Support and Development').		and Service Director – Finance and Improvement Services
	5.11.11	<u>Operational Risk Management</u> Although operational risk management is undertaken at a service level (via local Service Delivery Planning and monitoring arrangements) assurance is required to determine whether the arrangements are operating as intended.	Undertake a review of operational risk managements.	March 2021	Service Director – Finance and Improvement Services

7.2 The Council's SLT has accepted the proposals for improvement and is committed to their implementation during 2020/21. 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: _____

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. • Whistleblowing 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.
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.

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.
Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • Annual Revenue Budget Strategy and three year Capital Programme. • Medium Term Financial Plan. • Scrutiny Committees.
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 a Regional 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, Scrutiny Annual Report, Standards Committee Annual Report, Audit Committee Annual Report. • Internal Audit external assessment (every 5 years) and Internal Audit Charter. • Pension Fund Committee.

PROPOSALS FOR IMPROVEMENT 2018/19 – POSITION STATEMENT

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	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.	1. 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.	Head of Employee Relations November 2019
	Status - Implemented - Refer to paragraph 5.5.7 of the Annual Governance Statement.		
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	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.	2. 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).	Service Director – ICT and Digital Services October 2019
	Status - Implemented - An annual report covering 2018/19 was presented to the Overview and Scrutiny Committee on 3rd September 2019 with the proposal that bi-annual reports are also made available to that Committee going forward. This is in line with the requirements of the Complaints Standards Authority and reports will be presented in April and September. There was no Overview and Scrutiny meeting held in April 2020 hence no report requested, however this will be presented at a later date once normal business resumes		

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale
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<p>Ensuring openness and comprehensive stakeholder engagement</p>	<p>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.</p>	<p>3. As part of developing scrutiny work programmes for 2019/20:</p> <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). 	<p>Service Director – Democratic Services and Communications</p> <p>September 2019</p>
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	<p>Status – Implemented - The revised work programmes are providing greater focus on key service or policy matters, based upon a revised criteria which includes alignment to the Council’s priorities and those matters of interest to the public. They allow for more in depth reviews and referrals from other Committees including Council and Audit Committee. A greater emphasis has also been placed on undertaking pre scrutiny of key decisions which produces more focussed based outcomes. This approach is ensuring the wider engagement of all members in policy development and decisions.</p> <p>Matters for Members’ to consider as ‘information only,’ which have previously overburdened the work programmes, are now highlighted only. This separation provides the opportunity for members to identify those items requiring more focused scrutiny and challenge and those items which are for information purposes only.</p> <p>The strong alignment between Council and Scrutiny has developed through an improved process for dealing with Notices of Motions (NOM) and engagement between Cabinet Members and Scrutiny.</p> <p>The revised Terms of Reference attributed to each scrutiny committee continue to provide transparency to Chairs, Vice Chairs and all Scrutiny members. For example, the Overview & Scrutiny Committee now has responsibility for dealing with the Council’s Crime & Disorder matters which has further defined its overarching and strategic role. The initial pilot exercise has now been rolled out to all Scrutiny Committees and the Finance & Performance Scrutiny Committee has the Corporate priority ‘Economy’ assigned to it. This has proven a good ‘fit’ and compliments the existing work programme.</p>
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Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale
Defining outcomes in terms of sustainable economic, social, and environmental benefits	<p>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.</p> <p>Status - On-going - An analysis of 2019/20 targets was presented to the Finance and Performance Scrutiny Committee on 23rd July 2019 and updates have subsequently been included within quarterly Performance Reports during the year (presented to both Cabinet and the Finance and Performance Scrutiny Committee). More in depth reviews of specific targets to be considered as part of the arrangements for reporting future Corporate Plan progress updates.</p>	<p>4. 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.</p>	<p>Service Director – Finance and Improvement Services</p> <p>September 2019</p>

<p>Developing the entity's capacity, including the capability of its leadership and individuals within it</p>	<p>Elected Members - refresh the programme of training available to continue to effectively support elected Members in the discharge of their responsibilities.</p>	<p>5. 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).</p>	<p>Service Director – Democratic Services and Communications</p> <p>From July 2019</p>
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Status – Implemented - The Council's Elected Member Training and Development Strategy continues to be a priority and a comprehensive training and induction programme is in place. In response to the Members' survey undertaken in 2019 training has been offered within the framework of the committees so as to accommodate those working Members and those with family commitments. E-Learning training modules were also favoured and are currently available on the Council's Source e.g. training on 'Understanding the Council's Budget' was delivered to every Scrutiny Committee in turn which served to aid Committees understanding of the Council's revenue and capital budgets.

A dedicated Members Portal is currently being developed, which will provide access to relevant information and training opportunities through e-learning.

Quarterly meetings now take place between the Head of Democratic Services and Group Leaders, which includes identification of training needs, or additional information required for members to effectively engage in the decision making process.

Dedicated training has been provided to scrutiny Chairs and Vice Chairs through the Welsh Local Government Association (WLGA) in August 2019 which strengthened their skills and requirements in respect of chairing meetings.

A joint scrutiny training session was held in July 2019 for the Cwm Taf Joint Overview & Scrutiny Committee (a joint arrangement between RCT and Merthyr Tydfil CBC). The joint training session, facilitated by Dr Dave McKenna, was designed to develop skills to effectively scrutinise the Cwm Taf Public Service Board (PSB).

All newly elected Members are provided with an appropriate induction (to include the Members Code of Conduct) with access to refresher training and all Member training is monitored through regular reporting to the Democratic Services Committee.

Members have received in-depth training in respect of the GDPR requirements which relates to their work with constituents, when undertaking case work on a resident's behalf. To protect Members, a general Privacy Notice and Authority to Act form was created and agreed at the Democratic Services Committee in March 2019.

Members Performance Development Reviews (PDR's) are undertaken regularly which are aimed at identifying any further developmental needs which are logged and actioned. Any further developmental opportunities will also be addressed in future Members' surveys.

	<p>Arrangements are underway to develop training and development plans for elected members following the 2022 Local Government elections.</p>
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APPENDIX 1

Core Principle / Area	Issue Identified	Recommendation	Responsible Officer & Timescale
Managing risks and performance through robust internal control and strong public financial management	Although the review of the Council’s Financial Procedure Rules has commenced, the exercise has not yet been completed.	6. 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).	Head of Procurement Delivery
	Work commenced in 2018/19 – to be carried forward into 2019/20.		October 2019
	Status - On-going - A review of the Council’s Financial Procedure Rules has been completed and identified that no fundamental changes were required. There are a number of minor updates and house-keeping updates required, and these will be progressed during 2020/21.		

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

COMMITTEE: AUDIT COMMITTEE 20th July 2020	Item No. 4
REPORT OF: HEAD OF REGIONAL INTERNAL AUDIT SERVICE	Internal Audit Annual Report 2019/20

Author: Mark Thomas (Head of Regional Internal Audit Service) & Lisa Cumpston (Group Audit Manager)

1. PURPOSE OF THE REPORT

The purpose of this report is to provide the Head of Audit's Annual Opinion and to inform the Audit Committee of the work & performance of Internal Audit for the Financial Year 2019/20.

2. RECOMMENDATIONS

- 2.1 It is recommended that Members give due consideration to the Annual Internal Audit Report for the Financial Year 2019/20 including the Head of Audit's Annual Opinion on the Council's control environment in relation to governance, risk management and internal control.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that Audit Committee monitors the performance of the Council's Internal Audit Service and receives an annual opinion from the Head of Internal Audit in respect of the Council's overall control environment in relation to governance, risk management and internal control in accordance with its Terms of Reference.

4. BACKGROUND

- 4.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an Annual Report to support the Annual Governance Statement. The report should:

- Include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
 - Present a summary of the audit work undertaken;
 - Draw attention to any issues that may impact on the level of assurance provided;
 - Provide a summary of the performance for the service; and
 - Comment on conformance with the Public Sector Internal Audit Standards.
- 4.2 In accordance with the Public Sector Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which takes into account the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 4.3 The 2019/20 Internal Audit Plan was submitted to the Audit Committee for consideration on 25th March 2019. The Plan outlined the assignments to be carried out and their respective priorities. As this was the first year of the newly created Regional Service, 2019/20 was a transitional year where flexibility would be required to deal with the demands of setting up a new service.
- 4.4 In addition, the Audit Committee Terms of Reference include the following responsibility:
- “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 arrangements and associated internal control environment”.*
- 4.5 The Internal Audit Annual Report is at **Appendix A** which summaries the reviews undertaken during 2019/20, the recommendations made and any control issues identified. A total of 44 finalised audit assignments culminating in an overall opinion have been completed with a further 6 assignments currently at draft report stage (a total of 50 audit assignments).
- 4.6 A total of 311 high, medium and low priority recommendations have been made and a detailed breakdown is included at **Annex 1** of the Appendix. The annual report also discusses the performance of the internal audit service during the year including benchmarking its performance against other local authorities and highlighting individual staff development and training that has taken place.
- 4.7 Progress against the 2019/20 risk-based plan is attached at **Annex 2**. This illustrates that the majority (72%) of planned audit reviews have been undertaken during 2019/20. 3 planned reviews were reassessed during the year and a decision made not to undertake the work whilst 13 audits will be carried forward into the risk-based audit plan for 2020/21.

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 an annual opinion in respect of the Council's overall system of governance, risk management and internal control 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 2020-2024 "Making a Difference", 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 Taking into account the results of the internal audit reviews completed during 2019/20, the recommendations made and considering other sources of assurance the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2019/20 is '**Effective with a small number of areas identified for improvement**'. No significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses identified are service specific.
- 10.2 In providing this annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2019/20 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officer – Mark Thomas (Head of Regional Internal Audit Service)

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

20th July 2020

HEAD OF REGIONAL INTERNAL AUDIT SERVICE

Author: Mark Thomas (Head of Regional Audit Service) & Lisa Cumpston (Group Audit Manager)

Item

5 Internal Audit Annual Report 2019/20

Background Papers

None.

Officer to contact: Mark Thomas (Head of Regional Audit Service)

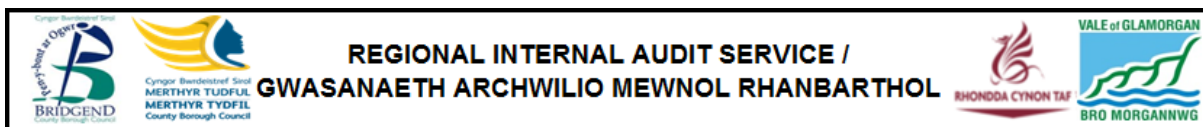


STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFTADAETH GADARN | DYFODOL SICR

ANNUAL INTERNAL AUDIT REPORT

2019/2020

C. Mark. Thomas CPFA; MAAT
Head of Regional Internal Audit Service
July 2020



Annual Internal Audit Report 2019/20

Section 1 – Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires the Head of Audit to deliver an annual internal audit opinion and report which can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.2 The 2019/20 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control.
- 1.3 The Internal Audit Service is delivered through the expanded shared service that came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils. The arrangement is underpinned by a detailed legal agreement between the four Councils which sets out a range of obligations (the core service is the same for each Council but there are differences in what is provided outside of the core service).
- 1.4 The service reports to the four Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

Section 2 – Summary of Reviews Undertaken 2019/20

- 2.1 On completion of the audit reviews an audit opinion is formed providing assurance for management and those charged with governance on how well the internal controls and governance arrangements of the system, establishment or area of review are operating.
- 2.2 Based upon the findings and recommendations made, an overall conclusion as to the level of assurance that can be provided is given as follows:

Effective

- Control environment is adequate;
- No findings noted;
- Management's control environment appears sound;
- All high level risks adequately controlled.

Effective with opportunity for improvement

- Control environment is adequate but some exceptions exist;
- Some control weaknesses and/or opportunities for improvement observed;
- Management's control environment appears otherwise sound;
- High level risks are adequately controlled.

Insufficient and requires improvement

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- Some high level risks are not adequately controlled;
- At least one finding is rated 'high';
- Immediate safety and soundness are not threatened, but Management's control environment requires improvement;
- Significant exposure to fraud or security vulnerabilities.

Not adequate

- Control environment is not adequate and below standard, with significant exceptions;
- Requires Council's Administrator's immediate attention;
- Management's control environment considered unsound.

Table 1 – Audit Opinion Given to Non-Schools Internal Audit Reviews 2019/20

Audit Opinion	Number of Finalised Audit Assignments	%
Effective	9	47%
Effective with Opportunity for Improvement	9	47%
Insufficient and Requires Improvement	1	6%
Not Adequate	0	0%
TOTAL	19	100%

2.3 Table 1 illustrates that a total of 19 Non-Schools Internal Audit reviews have been given an audit opinion. A detailed list of these is at **Annex 1**.

2.4 Based on the testing of the effectiveness of the internal control environment an audit opinion of Effective has been given to 9 reviews (47%) and an opinion of Effective with Opportunity for Improvement to 9 reviews (47%). The '*insufficient and requires improvement*' opinion given to 1 review (6%) was in respect of the 'Waste Services' Finalised Audit Report. Whilst there were no individual findings with a high priority contained within this report, the overall lack of control and gaps in information indicated that improvements were required. This final report was presented to Audit Committee at its meeting on the [17th December 2019](#).

Table 2 – Audit Opinion Given to Schools Internal Audit Reviews 2019/20

Annual Internal Audit Report 2019/20

Audit Area	Effective	Effective with Opportunity for Improvement	Insufficient and requires improvement	Not Adequate
Governance	1	24	-	-
Safeguarding	5	16	4	-
School Private Fund	6	15	2	-
Purchasing	14	10	1	-
Purchase Card	8	3	1	-
School Meals	15	8	1	-
Formula Funding	18	-	-	-
Data Protection & Security	10	7	-	-
School Income	-	2	-	-
Assets	-	1	-	-
Petty Cash	-	-	1	-
TOTAL	77	86	10	0
%	44%	50%	6%	0%

- 2.5 Further information relating to those with 'Insufficient and requires improvement' opinions are provided at **Section 3 – Limited Reports – Control Issues**.
- 2.6 Progress against the 2019/20 risk-based plan is attached at **Annex 2**. This details the status of each planned review, the audit opinion and the number of any high, medium or low priority recommendations made to improve the control environment.
- 2.7 **Annex 2** illustrates that the majority (72%) of planned audit reviews have been undertaken during 2019/20. 3 planned reviews were reassessed during the year and a decision made not to undertake the work whilst 13 audits will be carried forward into 2020/21.
- 2.8 The Covid19 outbreak has had little impact on the delivery of the internal audit plan for 2019/20 as relevant testing in all but 3 planned reviews had been completed prior to the lockdown coming into force allowing draft reports to be issued. These reviews are the Business Support Unit, Pensions, and Adoption Support & Foster Carer Payments – Follow Up.
- 2.9 Within the Risk Based Plan for 2019/20 Internal Audit allocated resources to deliver Consultancy Assignments in respect of Information Management and Data Centre / Infrastructure. One auditor continues to be a member of the Council's Information Management Working Group. Also the Council's Data Centre has now been successfully relocated to Rhondda Fach Leisure Centre. Internal Audit will continue to provide assurance on any requirements placed upon the Council's ICT function through the audit planning process and risk-based plan for 2020/21.

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Section 3 – Limited Reports - Control Issues

- 3.1 There are five Internal Audit Reviews relating to Schools where control arrangements were considered to be *'insufficient and requires improvement'* in at least one area examined. These are detailed below:
- 3.2 **Tonyrefail Community School**
- At its meeting held on [5th November 2019](#) Audit Committee received the final audit report relating to the School.
 - Following consideration of the report, Audit Committee **RESOLVED:-**
 1. To receive a follow up audit of Tonyrefail Community School in six month's time.
 - A follow up audit review has been included within the Interim Internal Audit Plan for 2020/21.
- 3.3 **Ysgol Llanhari – Follow Up**
- At its meeting held on [17th December 2019](#) Audit Committee received the follow up report relating to the School.
 - It was reported to Members that 18 of the recommendations had been completed at the time of the follow up visit, and, since then, it has further been confirmed that more recommendations have been implemented. Notwithstanding this positive outcome, at the meeting Members queried the certification process for confirming whether agreed recommendations have been implemented and sought assurance that the recommendations had been implemented for Ysgol Llanhari.
 - Following consideration of the report, Audit Committee **RESOLVED:-**
 1. That a follow up review of Ysgol Llanhari is included in the Audit Plan for the next financial year.
 - A follow up audit review has been included within the Interim Internal Audit Plan for 2020/21.
- 3.4 **Ysgol Hen Felin**
- The outcome of this audit review was due to be presented to Members at the Audit Committee meeting on [23rd March 2020](#) which was subsequently cancelled due to the Covid19 outbreak. In summary, this audit report concluded that four of the seven areas examined during the review were *'insufficient and requires improvement'*.
 - A follow up audit review has been included within the Interim Internal Audit Plan for 2020/21.
- 3.5 There are also two primary school audit reports where the arrangements in respect of the school's management of Safeguarding were considered to be *'insufficient and requires improvement'*. These schools are Pontyclun Primary School and YGG Bodringallt. Confirmation has been received that the recommendations made have been implemented. This will be followed as part of the self-evaluation work for Primary Schools.

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- 3.6 There is one primary school (YGG Aberdar) where the arrangements in respect of the School Private Fund were 'insufficient and requires improvement'. Confirmation has been received that the recommendations made have been implemented. This will also be followed as part of the self-evaluation work for Primary Schools.

Section 4 – Recommendations – 2019/20

- 4.1 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk. Recommendations are included in the final audit report and recipients are asked to provide Management Responses to show whether they agree with the recommendations, how they plan to implement them, a responsible Officer and a date when this will be done. The classification of each recommendation made assists management in focusing their attention on priority actions these ratings being High, Medium or Low.

Table 3 – Priority Ratings for Audit Recommendations

Ratings	Criteria
High	Risk has a high impact and high likelihood
Medium	Risk has a high impact and low likelihood, or low impact and high likelihood
Low	Risk has a low impact and low likelihood

- 4.2 Management are contacted and are asked to provide feedback on the status of each agreed recommendation once the target date for implementation has expired. The implementation of these recommendations is monitored using MK Insight (Internal Audit software) to ensure that improvements are being made.

Table 4 – Analysis of Recommendations Made During 2019/20

	Non Schools Audit Reviews		Schools Audit Reviews	
High	3	5%	38	15%
Medium	41	73%	151	59%
Low	12	22%	66	26%
Total	56	100%	255	100%

- 4.3 Table 4 illustrates the total number of high, medium or low priority recommendations made to improve the control environment of the areas reviewed during 2019/20. Management has given written assurance that these recommendations will be implemented in accordance with the timescales included in the final audit reports.

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- 4.4 A summary of the status of all recommendations made by the Internal Audit Service, grouped under the relevant service of the Council is also presented to Audit Committee throughout the year as part of Internal Audit Performance monitoring. There are currently no overdue recommendations which require implementation.

Section 5 – Key Performance Measures – Client Satisfaction Questionnaires

- 5.1 The Internal Audit Service uses MK Insight (Internal Audit software) to enable clients to feedback with comments on the work undertaken by internal auditors. The client satisfaction questionnaires provide managers with the opportunity to feedback on the performance, professionalism and conduct of the auditor as well as the audit process in general.

The questions covered are below:


No.	Question
1	Preparing for the Audit
	Were you adequately consulted about the nature, scope and objectives of the Audit?
	Were you satisfied with the notice given prior to the commencement of the Audit?
2	The Audit Fieldwork
	Were you satisfied with the Audit coverage?
	How well was the Audit conducted with regard to minimising disruption to service delivery?
	Were the summary findings adequately explained to you prior to the Auditor(s) leaving site?
3	The Audit Report
	Were you happy that the format of the report was clear, concise and easy to read?
	Did you find the recommendations practical, logical and relevant?
	Were you given sufficient opportunity to comment on the Draft Report?
	How do you rate the timeliness of the Final Report?
	Do you feel the results of the Audit will be of value to you as a Manager?
4	The Auditor(s)
	How do you assess the Auditor(s) in terms of professionalism, helpfulness and politeness?

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- 5.2 36 questionnaires were returned (76%). All the returned surveys have confirmed satisfaction with the audit approach, the service provided and the conduct of the Auditors. In addition to the above, the client also has an opportunity to make their own comments on the Client Satisfaction Survey. Set out below are four examples that have been received during the period.



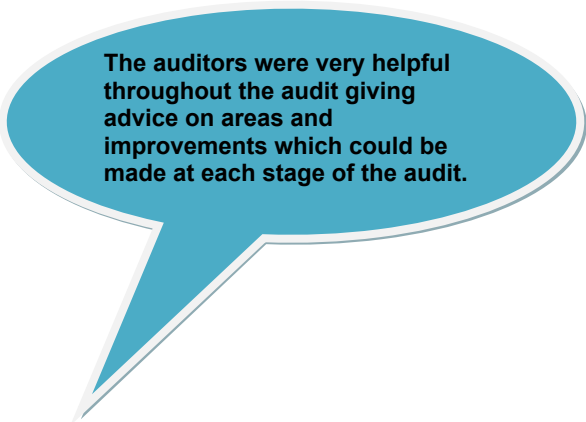
The recommendations will help improve our processes and overall service. The improvements will support staff to deliver a better service to our customers. I was energised by the opportunity to have fresh eyes on the workload.



The Auditor was very thorough in consultation with service management and highly respectful of ongoing work. A pleasure to work with. Excellent in terms of professionalism, helpfulness and politeness.



Practical recommendations provide a solid base to implement a more robust monitoring system.



The auditors were very helpful throughout the audit giving advice on areas and improvements which could be made at each stage of the audit.

Annual Internal Audit Report 2019/20

Section 6 – Key Performance Measures – Staff Training

- 6.1 Investment in the development of staff continues as it is recognised that with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated and versatile audit staff has never been higher.
- 6.2 Staff are encouraged to attend courses or seminars or complete on-line courses to develop their skills and networking opportunities. Examples of the on-line courses completed by Internal Audit during 2019/20 include:
- Data Protection Essentials
 - Stress Awareness
 - Working from Home and Agile Working
 - Safeguarding Children and Adults – Raising Awareness
 - Armed Forces Covenant
 - Challenging Conversations
 - Assertiveness

Section 7 – Key Performance Measures – Benchmarking

- 7.1 The Internal Audit Service participates annually in the Welsh Chief Auditors Group (WCAG) benchmarking exercise. The results for 2018/19 have been received and are as shown in Table 5 below:

Table 5 – Performance Data

Performance Indicator	Performance RIASS RCT Team 2019/20	Performance RCT CBC 2018/19	WCAG Average Performance 2018/19
Percentage of Planned Audits Completed	72%	85%	85%
Percentage of Audits Completed in Planned Time	Not yet available	82%	74%
% of Client Satisfaction Questionnaires Returned	76%	80%	58%
% of clients responses at least satisfied	100%	100%	99%
% of recommendations accepted versus made	100%	100%	99%

- 7.2 It should be noted that 18 of the 22 Councils returned their performance figures for 2018/19 representing a return rate of 82%.

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Section 8 – Public Sector Internal Audit Standards

- 8.1 The Public Sector Internal Audit Standards encompass the following mandatory elements:
- Definition of Internal Auditing;
 - Code of Ethics; and
 - International Standards for the Professional Practice of Internal Auditing.
- 8.2 The Standards aim to promote further improvement in the professionalism, quality and effectiveness of Internal Audit Services across the public sector. The Standards require that each public sector Internal Audit Service has in place robust arrangements for quality assurance and requires that Internal Audit be the subject of an external assessment at least once every 5 years.
- 8.3 The Internal Audit Service for the Council received an external assessment in accordance with the Standards in 2017. Another assessment will be due in 2022 for the expanded Regional Service. No areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity were identified and the assessment noted that there were no significant deviations from the Standards.
- 8.4 No significant changes have occurred in respect of the working practices since the Regional Internal Audit Service was set up in April 2019. As a result, the Service continues to conform to the Standards during 2019/20.

Section 9 – Regional Internal Audit Service Progress

- 9.1 As stated above in Section 1 the expanded shared service came into existence on 1st April 2019. The service is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils.
- 9.2 A vision for the service has been produced alongside a number of objectives.

Vision

To be the provider of Internal Audit Services of choice to the public sector in South Wales and be a centre of excellence for public sector internal auditing.

To be a service that is regarded as:

- ✓ Professional
- ✓ Approachable
- ✓ Flexible
- ✓ Independent but internal to the organisation – a critical friend

Annual Internal Audit Report 2019/20

9.3 The immediate priorities for the service were identified as follows:

- Ensure a seamless transition from previous arrangements
- Ensure Internal Audit plans for each Council have been developed, consulted on and are deliverable within the likely resources available
- Production of Annual Internal Audit Reports for each Council
- Continue to support all four Audit Committees
- Continue to deliver the planned Audits for each Council

These were all delivered.

9.4 The priorities identified for the first 12 months for the Service were:

- Develop a structure taking into account TUPE requirements and SWOT analysis
- Confirm ICT solution & arrangements
- Identify & evaluate different approaches / methodologies of each Internal Audit team and identify most appropriate to adopt

9.5 A new staffing structure has been developed and agreed and it is planned to commence recruitment when the restrictions around the Pandemic allow. New ICT equipment was purchased for staff to ensure consistency and compatibility. The existing Internal Audit software used by Rhondda Cynon Taf Internal Audit (MK Insight) has been agreed and procured as the new software solution for the shared service. This will be rolled out to all staff in the shared service during 2020/21.

9.6 Work has commenced on evaluating different approaches / methodologies of each internal audit team to identify and develop the most appropriate to adopt. This will continue linked with the roll out of the new software however Covid19 will impact on how the service is delivered for the foreseeable future and remote auditing will have to be developed.

9.7 The longer-term success of the service includes plans to develop a commercial approach and analysing the potential public sector market. Limited progress has been made on this aspect as the foundations referred to above need to be embedded before progressing this.

Annual Internal Audit Report 2019/20

Section 10 – Support Audit Committee to deliver its Terms of Reference

- 10.1 A work-plan aimed at helping Audit Committee to discharge its role was compiled in consultation with the External Audit Manager and the Audit Committee Chairperson. The work-plan was presented to Audit Committee at its meeting held on the [15th July 2019](#).
- 10.2 The work-plan for 2019/20 includes the process of inviting a wider range of Officers of the Council to attend Audit Committee and present specific items, and were available to answer specific questions or queries that Audit Committee Members had (within the Terms of Reference for Audit Committee). Examples included:
- Receive an overview of the governance arrangements in place in respect of General Ledger (one of the Council's core financial systems).
 - Receive an overview of the Council's arrangements in place to manage corporate risks.
 - An overview of the Accounting Policies and critical judgements applied in preparing the draft Statement of Accounts.
- 10.3 The process of inviting a range of Officers to attend and present items to Audit Committee will continue during 2020/21.
- 10.4 Review audit planning arrangements to take account of, amongst other things, fraud risk assessment results to further improve the allocation of internal audit resources.
- 10.5 The draft audit plan for 2020/21 was due to be presented to Audit Committee at its meeting scheduled for 27th April 2020. Due to the Covid19 outbreak this meeting was cancelled hence a re-stated, interim internal audit plan was presented to Audit Committee at its meeting held on 20th July 2020.

Annual Internal Audit Report 2019/20

Section 11 - Opinion Statement 2019/20

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

During the year, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. General Ledger, Treasury Management etc.) or generally in the reviews undertaken in respect of Directorate systems.

In providing my annual audit opinion, it should be noted that assurance can never be absolute. The most that internal audit can provide is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work in the financial year 2019/20 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at my opinion, the following matters have been taken into account:

- The results of all internal audits undertaken during the year ended 31st March 2020;
- The results of follow-up reviews of action taken to address audit recommendations;
- Whether or not any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the Council's objectives and activities; and
- Other sources of assurance.

Annual Internal Audit Report 2019/20

Risk Management

Effective Risk Management forms a key aspect of assurance and governance. The Corporate Risk Management Strategy is aligned with Service Delivery Plans, the Strategic Risk Register and the Council's performance management framework.

Key risks are distilled in the Strategic Risk Register. This sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by senior management, Cabinet and the Finance and Performance Scrutiny Committee and an update to Audit Committee. Some improvements are planned including:

- Strengthening Audit Committee's visibility of risk by presenting 'Strategic Risk Register' Information Reports and 'Risk Updates' to the Committee.

It is not possible to eliminate all risk of failure to meet the Council's policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but based on this an opinion of **effective** is given.

Governance Arrangements

Good Governance will facilitate effective management that can deliver long term success and performance of an organisation.

Whilst no single audit was conducted specifically on governance, governance arrangements are considered as part of every audit and tested during all school based audit reviews. Assurance can also be drawn from the responses received in relation to the annual Primary School Self-Assessment Process and Returns from Head Teachers and Chairs of Governors.

No significant issues were identified from a governance perspective therefore an opinion of **effective** is given.

Internal Control

I have based my opinion on internal control using the work undertaken by internal audit during the year.

A total of 44 finalised audit assignments culminating in an overall opinion have been completed during 2019/20 with a further 6 assignments currently at draft report stage (a total of 50 audit assignments).

Based on the outcomes of these assignments, which have been summarised in this report an opinion of **effective** with a small number of areas identified for improvement can be given on internal control.

Annual Internal Audit Report 2019/20

From the work undertaken during the financial year 2019/20 and taking into account other sources of assurance, the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2019-20 is:

“Effective with a small number of areas identified for improvement”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

Annual Internal Audit Report 2019/20

Annex 1 – Non-Schools Audits Completed with an Opinion & Recommendations 2019/20

Internal Audit Review	Audit Opinion				Recommendations		
	Effective	Effective with Opportunity for Improvement	Insufficient and Requires Improvement	Not Adequate	High	Med	Low
Registration Services	√				0	1	0
Parking Services	√				0	1	1
Street Lighting	√				0	1	0
Administration of Trust Funds	√				0	0	0
General Ledger	√				0	0	0
Broker Service		√			0	3	3
Direct Payments		√			2	3	1
Leisure Services – Cash Collection & Banking		√			0	7	1
Llwydcoed Crematorium		√			0	0	2
Youth Offending Service		√			0	6	3
Enforcement		√			0	6	0
Highways Capital Programme		√			0	1	1
Management of Fuel – Parks		√			0	3	0
Performance Indicators		√			1	0	0
Education Improvement Grant	√				0	0	0
Pupil Deprivation Grant	√				0	0	0
Post 16 Grant	√				0	0	0
Waste Services			√		0	9	0
Treasury Management	√				0	0	0
Total Non-School Audits providing an overall assurance opinion (19)	9	9	1	0	3	41	12

Annual Internal Audit Report 2019/20

Annex 1 – Schools Audits Completed with an Opinion & Recommendations 2019/20

Internal Audit Review	Recommendations		
	High	Med	Low
Llanharan Primary School	0	6	4
Maerdy Community Primary School	0	11	0
Maes y Coed Primary School	0	8	1
Penguelan Primary School	0	6	3
Penrhiwceiber Primary School	1	7	3
Penygawsi Primary School	0	3	4
Penynglyn Community Primary School	0	6	2
Perthcelyn Community Primary School	1	7	1
Pontyclun Primary School	0	6	0
Pontygwaith Primary School	0	6	2
Rhigos Primary School	0	1	3
Ton Pentre Primary School	0	0	2
Tonysguboriau Primary School	0	9	6
Trealaw Primary School	1	5	0
Williamstown Primary School	1	6	3
YGG Abercynon	0	4	4
YGG Aberdar	3	5	5
YGG Bodringallt	2	8	4
YGG Tonyrefail	1	10	1
Ynyshir Primary School	0	4	1
Maesgwyn Special School	4	7	2
Ysgol Hen Felin	12	11	5
Y Pant Comprehensive	0	5	2
Tonyrefail Community School	8	6	6
Ysgol Gyfun Llanhari	4	4	2
Total School Audits providing an overall assurance opinion (25)	38	151	66

Annual Internal Audit Report 2019/20

Annex 2 – 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	FULL CARRY FORWARD INTO 2020/21									
PURCHASE CARDS – NON SCHOOLS SPEND	Medium	FULL CARRY FORWARD INTO 2020/21									
FINANCE & DIGITAL SERVICES											
ADMINISTRATION OF TRUST FUNDS	Low	QTR 3	Final Issued	07/10/19	30/11/19	02/12/19	2	03/12/19	1	03/12/19	0
DEBTORS	High	CANCELLATION									
PENSIONS	High	FIELDWORK COMPLETE AT THE 31 st MARCH 2020									
GENERAL LEDGER	Low	QTR 4	Final Issued	15/03/20	29/04/20	29/04/20	0	10/05/20	11	14/05/20	4
DIGITALISATION	High	FULL CARRY FORWARD INTO 2020/21									
BUSINESS SUPPORT UNIT	High	FIELDWORK COMPLETE AT THE 31 st MARCH 2020									
VALUE FOR MONEY	High	FULL CARRY FORWARD INTO 2020/21									

Annual Internal Audit Report 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
TREASURY MANAGEMENT	Medium	QTR 4	Final Issued	07/02/20	16/04/20	19/04/20	3	29/04/20	10	07/05/20	8
CORPORATE ESTATES											
21ST CENTURY SCHOOLS – CAPITAL PROJECT	High	CANCELLATION									
LEGAL SERVICES											
LEGAL SERVICES	Medium	FULL CARRY FORWARD INTO 2020/21									
COMMUNITY & CHILDREN'S SERVICES											
ADULT SERVICES											
DIRECT PAYMENTS	High	QTR 1	Final Issued	01/05/19	15/08/19	05/09/19	21	02/12/19	88	10/12/19	8
BROKER SERVICE	High	QTR 1	Final Issued	24/06/19	09/08/19	15/08/19	6	20/12/19	127	06/01/20	17
WCCIS	High	FULL CARRY FORWARD INTO 2020/21									
THE REVIEW TEAM	Medium	FULL CARRY FORWARD INTO 2020/21									
FAIRER CHARGING	High	QTR 2	Draft Issued	09/08/19	05/12/19	06/01/20	32		0		0
CHILDREN'S SERVICES											
CONTRACT MANAGEMENT – PLACEMENTS	High	FULL CARRY FORWARD INTO 2020/21									

Annual Internal Audit Report 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
ADOPTION SUPPORT & FOSTER CARER PAYMENTS – FOLLOW UP	High	FIELDWORK COMPLETE AT THE 31 st MARCH 2020									
PUBLIC HEALTH & COMMUNITY SERVICES											
LLWYDCOED CREMATORIUM	Low	QTR 3	Final Issued	18/10/19	04/11/19	08/11/19	4	03/12/19	25	04/12/19	1
ENGAGEMENT, INTERVENTION & PREVENTION	High	QTR 4	Draft Issued	16/12/19	03/03/20	16/03/20	13		0		0
YOUTH OFFENDING SERVICE	Medium	QTR 1	Final Issued	08/05/19	14/06/19	01/07/19	17	18/07/19	17	25/07/19	7
REGISTRATION SERVICES	Low	QTR 2	Final Issued	24/09/19	10/12/19	06/01/20	27	21/01/20	15	25/01/20	4
LEISURE SERVICES - CASH COLLECTION & BANKING	Medium	QTR 2	Final Issued	01/07/19	02/09/19	27/09/19	25	21/10/19	24	25/10/19	4
EDUCATION & INCLUSION SERVICES											
EDUCATION IMPROVEMENT SERVICES											
EARLY YEARS PROVISION	High	CANCELLATION									
ATTENDANCE & WELLBEING SERVICE											
ATTENDANCE : REFERRALS & INTERVENTION	High	QTR 3	Draft Issued	30/09/19	16/01/20	20/01/20	4		0		0
EXCLUSIONS	FULL CARRY FORWARD INTO 2020/21										
S.E.N. SCHOOLS											

Annual Internal Audit Report 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
YSGOL HEN FELIN	High	QTR 2	Final Issued	08/07/19	26/07/19	06/08/19	11	07/01/20	154	22/01/20	15
MAESGWYN SPECIAL SCHOOL	High	QTR 3	Final Issued	18/11/19	29/11/19	20/12/19	31	16/01/20	27	23/01/20	7
PRIMARY SCHOOLS											
PENRHIWCEIBER PRIMARY SCHOOL	Medium	QTR 1	Final Issued	20/05/19	29/05/19	14/06/19	16	05/09/19	83	10/09/19	5
PENYGAWSI PRIMARY SCHOOL	Medium	QTR 2	Final Issued	25/09/19	11/10/19	16/10/19	5	18/11/19	33	19/11/19	1
PERTHCelyn COMMUNITY PRIMARY	Medium	QTR 3	Final Issued	18/10/19	24/10/19	18/11/19	25	28/11/19	10	03/12/19	5
PONTYGWAITH PRIMARY SCHOOL	Medium	QTR 3	Final Issued	09/10/19	14/10/19	18/10/19	4	21/11/19	34	29/11/19	8
RHIGOS PRIMARY SCHOOL	Medium	QTR 1	Final Issued	05/06/19	07/06/19	11/07/19	34	17/07/19	6	18/07/19	1
TON PENTRE PRIMARY SCHOOL	Medium	QTR 1	Final Issued	17/06/19	20/06/19	11/07/19	21	09/09/19	60	09/09/19	0
TONYSGUBORIAU PRIMARY SCHOOL	Medium	QTR 1	Final Issued	20/05/19	04/06/19	01/07/19	27	05/07/19	4	08/07/19	3
TREALAW PRIMARY SCHOOL	Medium	QTR 4	Final Issued	05/02/20	17/02/20	05/03/20	17	10/03/20	5	12/03/20	2
WILLIAMSTOWN PRIMARY SCHOOL	Medium	QTR 3	Final Issued	01/10/19	03/10/19	18/10/19	15	05/11/19	18	08/11/19	3
YGG ABERCYNON	Medium	QTR 3	Final Issued	02/10/19	11/10/19	17/10/19	6	26/11/19	40	28/11/19	2
YGG ABERDAR	Medium	QTR 3	Final Issued	20/11/19	01/12/19	20/12/19	19	10/01/20	21	27/01/20	17

Annual Internal Audit Report 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
CRAIG YR HESG PRIMARY SCHOOL	Medium	FULL CARRY FORWARD INTO 2020/21									
LLANHARAN PRIMARY SCHOOL	Medium	QTR 2	Final Issued	17/09/19	23/09/19	30/09/19	7	18/10/19	18	22/10/19	4
MAERDY COMMUNITY PRIMARY SCHOOL	Medium	QTR 2	Final Issued	17/09/19	18/09/19	30/09/19	12	04/11/19	35	20/11/19	16
MAES Y COED PRIMARY SCHOOL	Medium	QTR 3	Final Issued	11/11/19	14/11/19	14/01/20	59	27/01/20	13	30/01/20	3
PENGEULAN PRIMARY SCHOOL	Medium	QTR 3	Final Issued	06/11/19	07/11/19	09/01/20	63	20/01/20	11	21/01/20	1
PENYRENGLYN COMMUNITY PRIMARY SCHOOL	Medium	QTR 3	Final Issued	26/11/19	27/11/19	16/01/20	50	17/02/20	32	17/02/20	0
PONTYCLUN PRIMARY SCHOOL	Medium	QTR 3	Final Issued	24/09/19	02/10/19	15/10/19	13	14/11/19	30	21/11/19	7
YNYSHIR PRIMARY SCHOOL	Medium	QTR 3	Final Issued	04/12/19	05/12/19	17/01/20	43	24/02/20	38	26/02/20	2
YGG BODRINGALLT	Medium	QTR 4	Final Issued	25/02/20	02/03/20	17/03/20	15	24/03/20	7	26/03/20	2
YGG TONYREFAIL	Medium	QTR 4	Final Issued	04/02/20	10/02/20	04/03/20	23	24/03/20	20	26/03/20	2
PRIMARY SCHOOL SELF ASSESSMENT REPORT 19/20	Medium	QTR 4	Draft Issued	16/03/20	25/03/20	27/03/20	2		0		0
THROUGH SCHOOLS											
YSGOL LLANHARI FOLLOW UP	High	QTR 1	Final Issued	10/06/19	18/06/19	29/07/19	41	21/11/19	115	22/11/19	1
TONYREFAIL COMMUNITY SCHOOL	High	QTR 1	Final Issued	17/06/19	01/07/19	07/08/19	37	07/10/19	61	09/10/19	2

Annual Internal Audit Report 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
SECONDARY SCHOOLS											
Y PANT COMPREHENSIVE FOLLOW UP	High	QTR 1	Final Issued	24/06/19	01/07/19	17/07/19	16	10/09/19	55	17/09/19	7
HAWTHORN HIGH SCHOOL FOLLOW UP	High	QTR 4	Draft Issued	02/03/20	29/04/20	21/05/20	22				
SCHOOLS & COMMUNITY											
EDUCATION IMPROVEMENT GRANT	High	QTR 2	Final Issued	01/09/19	30/09/19	04/10/19	4	10/10/19	6	10/10/19	0
POST 16 GRANT	High	QTR 4	Final Issued	15/01/20	17/01/20	20/01/20	3	31/01/20	11	31/01/20	0
POST 16 PLANNING AND FUNDING 2019/20	High	QTR 4	Draft Issued	23/01/20	29/05/20	19/06/20	21				
PUPIL DEPRIVATION GRANT	High	QTR 2	Final Issued	01/09/19	30/09/19	04/10/19	4	10/10/19	6	10/10/19	0
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES											
HIGHWAYS & STREETCARE											
HIGHWAYS - CAPITAL PROGRAMME	High	QTR 1	Final Issued	15/04/19	01/07/19	11/07/19	10	25/07/19	14	05/08/19	11
STREET LIGHTING	Medium	QTR 2	Final Issued	23/09/19	27/11/19	20/01/20	54	16/03/20	46	26/03/20	10
MANAGEMENT OF FUEL - PARKS	High	QTR 1	Final Issued	17/04/19	07/05/19	13/05/19	6	15/05/19	2	24/05/19	9
ENFORCEMENT	Medium	QTR 2	Final Issued	08/08/19	10/09/19	04/10/19	24	15/10/19	11	21/10/19	6

Annual Internal Audit Report 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
PARKING SERVICES	Medium	QTR 1	Final Issued	24/06/19	01/07/19	14/08/19	44	09/09/19	26	10/09/19	1
WASTE SERVICES	High	QTR 1	Final Issued	10/06/19	20/09/19	15/10/19	25	07/11/19	23	22/11/19	15
PROSPERITY & DEVELOPMENT											
BUILDING CONTROL	Medium	FULL CARRY FORWARD INTO 2020/21									
WHOLE AUTHORITY ARRANGEMENTS											
WHOLE AUTHORITY ARRANGEMENTS											
PERFORMANCE INDICATORS	High	QTR 1	Final Issued	13/05/19	19/06/19	05/07/19	16	29/07/19	24	05/08/19	7
ANTI-FRAUD, BRIBERY & CORRUPTION	High	FULL CARRY FORWARD INTO 2020/21									
OPERATIONAL RISK MANAGEMENT	Medium	FULL CARRY FORWARD INTO 2020/21									

Tudalen way

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

AUDIT COMMITTEE 20th July 2020	AGENDA ITEM NO. 5
REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES	AUDIT COMMITTEE ANNUAL REPORT, INCORPORATING A SELF ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE

Author: Paul Griffiths (Service Director – Finance and Improvement Services) in consultation with the Chairman of Audit Committee (Mr Roger Hull)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present the Audit Committee Annual Report 2019/20 together with a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the report and self-assessment (**Appendix 1** and **Appendix 1A** respectively) and:
- (a) Determine whether the Annual Report forms a balanced summary of the work undertaken by Audit Committee during 2019/20; and
 - (b) Endorse the proposed areas for improvement to further support Audit Committee in the effective discharge of its Terms of Reference.
- 2.2 Subject to 2.1, endorse the:
- (a) Audit Committee Annual Report 2019/20 and its presentation to full Council; and
 - (b) incorporation of relevant information into the Council's Annual Governance Statement.

3. REASON FOR RECOMMENDATIONS

- 3.1 To ensure the Council's Audit Committee is held to account for its work during the year.

4. BACKGROUND

- 4.1 The CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition' sets out the purpose of audit committees as:

- *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.*

- 4.2 The publication also sets out the importance for audit committees to be held to account on the extent to which it has fulfilled its purpose, with an annual report being a helpful way to address this. As Members will recall, an overview of the CIPFA Guidance was presented to the 17th September 2018 Audit Committee.

5. DRAFT AUDIT COMMITTEE ANNUAL REPORT 2019/20

- 5.1 In line with the CIPFA publication, the Chairman of Audit Committee, in consultation with the Service Director – Finance and Improvement Services, has completed a draft Audit Committee Annual Report setting out the work of Audit Committee during 2019/20 (**Appendix 1**).

- 5.2 As part of compiling the draft Annual Report, a 'self-assessment exercise of good practice' has been undertaken using the checklist provided within the CIPFA Guidance. The outcome of the self-assessment process is included at **Appendix 1A** and has been used to inform proposed areas for improvement.

- 5.3 Audit Committee is requested to review the draft Annual Report and self-assessment, and determine whether it forms a balanced summary of the work undertaken by Audit Committee during 2019/20 and endorse the proposed areas for improvement.

- 5.4 Subject to consideration, Audit Committee is requested to approve the Annual Report and its presentation to full Council.

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 production of an Audit Committee Annual Report supports the principles within The Local Government (Wales) Measure 2011 (Chapter 2 / section 81) and is in line with the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'.

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 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

- 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. CONCLUSION

- 11.1 The Audit Committee Annual Report 2019/20 is attached at Appendix 1. It provides a summary of the work the Committee has undertaken during 2019/20, incorporates a self-assessment against the CIPFA 'best practice' checklist (Appendix 1A) and sets out proposed areas for improvement to help further strengthen the effectiveness of Audit Committee.

Other Information:-

Relevant Scrutiny Committee - Not applicable.

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

20th July 2020

**AUDIT COMMITTEE ANNUAL REPORT 2019/20, INCORPORATING A SELF
ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Paul Griffiths (Service Director – Finance and Improvement Services) in consultation with the Chairman of Audit Committee (Mr Roger Hull).

Item: 6

Background Papers

None.

Officer to contact: Paul Griffiths

APPENDIX 1 – ANNUAL REPORT 2019/20

**Rhondda Cynon Taf County
Borough Council**

Audit Committee

Annual Report 2019/20

1. **INTRODUCTION**

- 1.1 A key component of good governance for all organisations is to have in place an Audit Committee. The Council's Audit Committee is in place and its Terms of Reference incorporates the requirements of the Local Government Measure 2011, as follows:

Chapter 2, section 81 of the Local Government (Wales) Measure 2011

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.*

- 1.2 The purpose of Rhondda Cynon Taf County Borough Council's Audit Committee is set out with its Terms of Reference as follows (updated Terms of Reference agreed by full Council on 15th May 2019):

Statement of Purpose

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.

- 1.3 In order to discharge the responsibilities placed upon us, a detailed work-plan is compiled for each Municipal Year. For 2019/20, I worked with the Council's

Service Director – Finance and Improvement Services and Head of the Regional Audit Service to compile a work-plan that I felt could help us to discharge our responsibilities as members of the Audit Committee.

1.4 As part of this process, I considered it a fundamental requirement for the Committee to continue to focus its attention on core functions:

- Reviewing the draft financial statements and monitor management action in response to the issues raised by external audit;
- Scrutinising and be satisfied with the Council's Annual Government Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements;
- Monitoring the Council's internal audit function in terms of overseeing independence, objectivity, performance and professionalism, through the regular reporting of performance and finalised audit assignments;
- Considering the effectiveness of the authority's risk management arrangements; and
- Considering reports and recommendations of external audit in respect of the Council.

1.5 In addition to this, I was keen to continue the approach developed in 2018/19 of reporting specific 'topics' and 'learning and development' areas to the Committee to help further expand the Committee's knowledge and understanding, and support the effective discharge of its Terms of Reference.

1.6 Section 2 of this report summarises the work that we have delivered during 2019/20 and Section 3 presents the outcome of the self-assessment against the 'CIPFA Practical Guidance for Local Authorities & Police 2018 Edition'.

2. WORK DELIVERED IN 2019/20

2.1 The CIPFA Practical Guidance for Local Authorities & Police 2018 Edition identifies 'Core Functions' of an Audit Committee along with what it refers to as possible 'wider functions' of an Audit Committee.

2.2 The Core Functions are set out below (capital and bold text headers) and the work that we have delivered in support of these core functions is summarised under each.

2.3 As Audit Committee members will be aware, from the 1st April 2019 the Council's Internal Audit Service transferred to a regional Internal Audit Service, led by the Vale of Glamorgan Council and comprising four local authorities: Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Rhondda Cynon Taf County Borough Council and Vale of Glamorgan Council. I am pleased to report that the first year of the new service has seen the delivery of an effective, independent and professional service within Rhondda Cynon Taf, and its work has played a key part in informing this Audit Committee Annual Report for 2019/20.

2.4 BE SATISFIED THAT THE AUTHORITY'S ASSURANCE STATEMENTS, INCLUDING THE ANNUAL GOVERNANCE STATEMENT, PROPERLY REFLECT THE RISK ENVIRONMENT AND ANY ACTIONS REQUIRED TO IMPROVE IT, AND DEMONSTRATE HOW GOVERNANCE SUPPORTS THE ACHIEVEMENT OF THE AUTHORITY'S OBJECTIVES

2.4.1 Legislation requires the Council to prepare an Annual Governance Statement (AGS). The Draft AGS 2018/19 was presented to Audit Committee at our meeting held on [29th April 2019](#) and described the governance arrangements in place, challenged their effectiveness and set out proposals for improvement. Following receipt of the report, we resolved to *'Recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's draft 2018/19 Statement of Accounts'*.

2.4.2 During the year the Committee monitored the extent of progress made by the Council to implement the agreed proposals for improvement set out within the AGS, with this update being reported to Audit Committee on [17th December 2019](#). The information enabled the Committee to consider each proposal for improvement alongside a summary of the action taken to progress each and, following consideration of the report, we resolved *that 'the progress made to implement the recommendations was satisfactory'*.

2.4.3 The draft AGS for 2019/20¹ is scheduled to be presented to the 20th July 2020 Audit Committee and I have requested that Officers provide a further update on the status of the proposals for improvement referred to in paragraph 2.4.2 as part of this update.

2.4.4 Turning back to the 29th April 2019 Committee meeting, we also scrutinised and agreed a Local Code of Corporate Governance. This document is now part of the [Governance](#) section on the Council's website that comprises a suite of information to support the Council's commitment to the highest standards of corporate governance.

2.5 IN RELATION TO THE AUTHORITY'S INTERNAL AUDIT FUNCTIONS:

- **OVERSEE ITS INDEPENDENCE, OBJECTIVITY, PERFORMANCE AND PROFESSIONALISM**
- **SUPPORT THE EFFECTIVENESS OF THE INTERNAL AUDIT PROCESS**
- **PROMOTE THE EFFECTIVE USE OF INTERNAL AUDIT WITHIN THE ASSURANCE FRAMEWORK**

2.5.1 A key part of our role is to support the Council's Internal Audit Service to remain independent, assess whether it has adequate resources available to it and to monitor the performance and quality of work delivered throughout the year.

¹ Draft AGS for 2019/20 – original scheduled to be presented to the April 2020 Audit Committee. However, this meeting was cancelled due to COVID-19.

- 2.5.2 We received the following key reports from Internal Audit during 2019/20.
- 2.5.3 The **Internal Audit Charter** is a formal document that establishes the Internal Audit Service's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Board (i.e. the Council's Audit Committee). This document provided us with the information we required in order to assess the independence of the Internal Audit Service and we approved the Internal Audit Charter 2019/20 at our meeting held on [25th March 2019](#).
- 2.5.4 The **Draft Annual Audit Plan 2019/20** was presented to and approved by the Committee on the [25th March 2019](#). The Head of the Regional Internal Audit Service outlined the resources available to the Service and set out how they had been allocated on a prioritised basis to enable an independent opinion to be made on the standard of internal control across the Council at year-end.
- 2.5.5 During the year, Audit Committee regularly reviewed the performance of the Internal Audit Service through an 'Internal Audit Performance Report' agenda item. Each Performance Report update provided the Committee with a position statement of progress against the Annual Audit Plan and also on the status of internal audit recommendations reported i.e. either 'implemented', 'overdue / outstanding' or where the target date for implementation was in the future. It is positive to note that on the small number of occasions where recommendations were 'overdue / outstanding' at the due date, further to Internal Audit contacting the respective services, confirmation was provided to Audit Committee that all such recommendations had been implemented.
- 2.5.6 As part of supporting the on-going learning and development of Audit Committee, an overview of the role of Internal Audit was presented to the Committee on the 5th November 2019 alongside a mid-year update on the Regional Internal Audit Shared Service. The Committee proactively engaged in the update and requested that good practice identified be taken account of as part of informing the on-going development of the Committee, for example, the level of information reported to Audit Committee.

2.6 MONITOR THE EFFECTIVENESS OF THE CONTROL ENVIRONMENT, INCLUDING ARRANGEMENTS FOR ENSURING VALUE FOR MONEY, SUPPORTING STANDARDS AND ETHICS AND FOR MANAGING THE AUTHORITY'S EXPOSURE TO THE RISKS OF FRAUD AND CORRUPTION

- 2.6.1 The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting us when evaluating the effectiveness of Internal Audit's work across all Council systems and services. It also enables us to form an opinion on the overall control environment of the Council at the end of the financial year.
- 2.6.2 A small number of areas concluded that the standard of internal control / governance arrangements were insufficient and required improvement and, on such occasions, I consider that the Committee debated the issues in detail and

collectively recommended actions that were appropriate and in accordance with our Terms of Reference, for example, follow-up reviews built into the Annual Audit Plan and written updates provided to all Committee members on specific matters where further assurance / clarification was deemed necessary.

2.6.3 **The Internal Audit Annual Report for 2019/20**, subject to approval by Audit Committee on 20th July 2020, concludes that:

*Taking into account the results of the internal audit reviews completed during 2019/20, the recommendations made and considering other sources of assurance the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2019/20 is **'Effective with a small number of areas identified for improvement'**. No significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses identified are service specific.*

2.6.4 In addition, at the 17th December 2019 Audit Committee meeting, the Council's Service Director – Pensions, Procurement and Transactional Services provided an overview of the National Fraud Initiative, along with an update on the work delivered by the Corporate Fraud Team. This update provided assurance on the Council's arrangements to tackle potential fraud and covered the internal control environment that supports this area.

2.7 CONSIDER THE EFFECTIVENESS OF THE AUTHORITY'S RISK MANAGEMENT ARRANGEMENTS AND THE CONTROL ENVIRONMENT, REVIEWING THE RISK PROFILE OF THE ORGANISATION AND ASSURANCES THAT ACTION IS BEING TAKEN ON RISK-RELATED ISSUES, INCLUDING PARTNERSHIPS AND COLLABORATIONS WITH OTHER ORGANISATIONS

2.7.1 The work-plan for 2019/20 built on the work undertaken in the previous year and continued to widen the coverage of governance and risk management through the following updates to Audit Committee:

- An overview of the governance arrangements in respect of a core financial system (General Ledger), delivered by the Head of Finance – Education and Financial Reporting. The aim of the update was to support the Committee's understanding of this area when considering the finalised audit report on the General Ledger (as included in the Audit Plan 2019/20); and
- Arrangements in place for managing corporate risks - providing an overview of arrangements and proposals for improvement. It is positive that the Committee endorsed the proposals for improvement that will include, amongst other things, specific strategic risk register updates being reported to Audit Committee during the forthcoming year to enable Members to have better visibility on the strategic risks facing the Council and the arrangements in place to manage these.

2.8 REVIEW THE FINANCIAL STATEMENTS, EXTERNAL AUDITOR'S OPINION AND REPORTS TO MEMBERS, AND MONITOR MANAGEMENT ACTION IN RESPONSE TO THE ISSUES RAISED BY EXTERNAL AUDIT

- 2.8.1 At our meeting on [10th June 2019](#) , the Head of Finance – Education and Financial Reporting provided an overview of accounting policies and critical judgements applied in preparing the draft Statement of Accounts. At the same meeting, the Head of Finance presented the draft Statement of Accounts for 2018/19² to Committee and Members were able to use the overview provided earlier in the meeting to help inform their consideration of the draft Statement of Accounts. We resolved 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.
- 2.8.2 At the 15th July 2019 Audit Committee meeting the Wales Audit Office provided a verbal update on the progress on the audit of the draft Statements of Account for 2018/19 and indicated that a final position on the audit of the statements of account would be presented to full Council on 31st July 2019. As Members will be aware, the Wales Audit Office issued unqualified auditor's reports (i.e. clean bills of health) on the Council's and the Rhondda Cynon Taf Pension Fund Statements of Account for 2018/19.
- 2.8.3 Following the completion of the external audit of the 2018/19 Statement of Accounts, the Wales Audit Office reported the Management Letter for 2018/19 to the 16th September 2019 Audit Committee meeting. This document set out recommendations for the Council's management to address, identified as part of the 2018/19 external audit of the statements of account, and also detailed the corrections made to the draft statement of accounts as part of the audit process. With specific regard to recommendations for the Council's Management to progress, we were satisfied with Management's responses to recommendations reported and the timescales for implementation, and Audit Committee acknowledged the update.

2.9 CONSIDER THE REPORTS AND RECOMMENDATIONS OF EXTERNAL AUDIT AND INSPECTION AGENCIES AND THEIR IMPLICATIONS FOR GOVERNANCE, RISK MANAGEMENT OR CONTROL

- 2.9.1 As part of the on-going learning and development of Audit Committee members, the Wales Audit Office delivered a presentation covering an overview of the Auditor General for Wales and the Wales Audit Office. The presentation covered External Audit's assessment functions, the responsibilities in relation to the Well-being of Future Generations (Wales) Act 2015, the 2019 Work

² Draft Statement of Accounts 2018/19 reported to Audit Committee on 10th June 2019 – the draft Statements of Account presented were in respect of the Council, Rhondda Cynon Taf Pension Fund and Central South Consortium Joint Education Service Joint Committee, and the certified annual return for Llwydcoed Crematorium Joint Committee.

Programme and examples of recent reports for Members to access, should we wish to do so.

- 2.9.2 At the 3rd February 2020 Audit Committee meeting, we received an update on the progress made to date by the Council to implement the proposals for improvement reported by the Wales Audit Office, as set out in its Annual Improvement Report. A link to the 3rd February 2020 Audit Committee report can be access [here](#). We determined that there were no matters of a governance, internal control or risk management nature that require further action or attention by Audit Committee nor any matters at this stage to be referred to the Council's scrutiny committees.
- 2.9.3 At the same meeting, we also considered the Wales Audit Office project brief 'Rhondda Cynon Taf Council – Audit Committee Support and Development', and look forward to working with the Wales Audit Office as part of this project to identify opportunities to further improve the effectiveness of the Council's Audit Committee.
- 2.9.4 With regard to possible wider functions of an audit committee, as set out within the 'Practical Guidance for Local Authorities and Police 2018 edition', this covers, for example, considering governance, risk or control matters at the request of other committees and reviewing and monitoring treasury management arrangements.
- 2.9.5 The Committee will be aware that we received an overview of the Council's treasury management arrangements in 2018/19 and noted the role the Council's Finance and Performance Scrutiny plays in overseeing this area at this time; it was therefore considered not an effective use of Audit Committee's time to receive a further overview in 2019/20.
- 2.9.6 The Committee will also be aware that we keep under on-going review the option of referring matters to other scrutiny committees, for example, where specific service performance is deemed to warrant further consideration, and also welcome referrals from other committees to look at matters of a governance, risk or control nature. This approach was applied in 2019/20 and will continue into 2020/21.

3. **SELF-ASSESSMENT AGAINST THE CIPFA PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES & POLICE 2018 EDITION**

- 3.1 I have completed the self-assessment checklist, in consultation with the Service Director – Finance and Improvement Services, the outcome of which is summarised in **Appendix 1A**. I consider that the Council’s Audit Committee has built on the first self-assessment completed for 2018/19 and its approach and work delivered during 2019/20 addresses the majority of good practice questions, as included within the checklist.
- 3.2 The self-assessment has identified a small number of proposals for improvement, as set out in Table 1, that are primarily a continuation of areas that were identified during 2018/19 and reflect the on-going nature of the work. I have, for ease of reference, also shown the 2018/19 self-assessment position in Table 1.

Table 1 – 2019/20 Self-Assessment Proposals for Improvement

		2018/19 Self-Assessment				2019/20 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2018/19 and 2019/20 Proposal for Improvement
7	<p><u>FUNCTIONS OF THE COMMITTEE</u></p> <p><u>Good practice question</u> Does the Committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement?</p> <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships 		✓		Overall, the responsibilities that are set out within our current Terms of Reference are consistent with the Position Statement issued by CIPFA. However, the level of detail between the two documents differs.	✓			<p>Terms of Reference updated, approved by full Council on 15th May 2019, incorporated into the Council’s Constitution and a verbal progress update provided to Audit Committee on 10th June 2019.</p> <p>No further proposals for improvement identified based on the 2019/20 self-assessment.</p>

		2018/19 Self-Assessment				2019/20 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2018/19 and 2019/20 Proposal for Improvement
	and collaboration arrangements <ul style="list-style-type: none"> • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework 				The suggested Terms of Reference provided at Appendix B of the Guidance document splits out specific areas into more detail. <u>RECOMMENDATION:</u> Whilst the current Terms of Reference is compliant with the responsibilities placed upon the Committee, it is recommended that the level of detail as set out within the Guidance is replicated into the Terms of Reference for Audit Committee.				

		2018/19 Self-Assessment				2019/20 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2018/19 and 2019/20 Proposal for Improvement
12b.	<p><u>MEMBERSHIP AND SUPPORT</u></p> <p><u>Good practice question</u> Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> • an appropriate mix of knowledge and skills among the membership 		✓		<p>The level of debate at Audit Committee broadly supports a conclusion that Members have a good understanding of their role on this Committee. However, a formal skills assessment has not been completed that supports this conclusion.</p> <p>RECOMMENDATION: An assessment of the mix of skills for all Members will be undertaken. If required, the outcome of this will be utilised to put in place appropriate training and development opportunities for relevant Members.</p>		✓		<p>Learning and development has continued during 2019/20 in line with the Committee's terms of reference and agreed work-plan for the year. This has been supported through Members having a broad range of knowledge and experience overall (e.g. specific Members having scrutiny committee responsibilities) that has complemented the work of Audit Committee during the year.</p> <p>Work also commenced to compile an approach to enable the knowledge and skills of the Committee to be assessed, as referenced at the 3rd February 2020 Audit Committee, and will be shared with the Committee in 2020/21. Thereafter, the assessment process will commence and will be progressed in parallel with the Wales Audit Office Project – Rhondda Cynon</p>

		2018/19 Self-Assessment				2019/20 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2018/19 and 2019/20 Proposal for Improvement
									<p>Taf Audit Committee Support and Development.</p> <p><u>Proposals for Improvement</u></p> <ul style="list-style-type: none"> • Complete the skills assessment for Members of Audit Committee; and • Agree a refreshed programme of learning and development (informed by the skills assessment exercise) and incorporate into the Audit Committee annual work-plan.
16	<p><u>MEMBERSHIP AND SUPPORT</u></p> <p><u>Good practice question</u> Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p>			✓	<p>A formal assessment against the skills framework contained within the CIPFA Practical Guidance document has not been completed.</p> <p>RECOMMENDATION Undertake an assessment against the core knowledge and skills framework for each Member of the Audit Committee.</p>			✓	As noted for 12b above.

		2018/19 Self-Assessment				2019/20 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2018/19 and 2019/20 Proposal for Improvement
19	<p><u>MEMBERSHIP AND SUPPORT</u></p> <p><u>Good practice question</u> Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?</p>			✓	<p>RECOMMENDATION: As part of incorporating the Audit Committee Annual Report into the Annual Governance Statement, opportunity will be available for feedback to be received from full Council and the Wales Audit Office.</p>	✓			<p>Audit Committee agreed its first Annual Report at its meeting on 25th March 2019 and covered the 2018/19 municipal year, and this document was used as part of assessing the Council's governance arrangements for this period (as set out in the 2018/19 Annual Governance Statement - AGS). Both the Annual Report and AGS were reported to full Council for review: the former on the 15th May 2019 and the latter as part of the Council's Statement of Accounts on 31st July 2019. In addition, plans are in place for the Audit Committee Annual Report 2019/20 (subject to Audit Committee approval) to be reported to full Council in September 2020.</p> <p>During the forthcoming year, Audit Committee members and Council officers will engage in the work to be undertaken by the Wales Audit Office (as part of the project</p>

		2018/19 Self-Assessment				2019/20 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2018/19 and 2019/20 Proposal for Improvement
									Rhondda Cynon Taf Audit Committee Support and Development) to support continuous improvement in the operation of the Committee.
23	<p><u>EFFECTIVENESS OF THE COMMITTEE</u></p> <p><u>Good practice question</u> Has the committee evaluated whether and how it is adding value to the organisation?</p>		✓		Some work demonstrates the impact of the Committee's work e.g. approving and monitoring 'follow-up reviews' that show improvement in the standards of internal control. Further work is however required to broaden this and explore the impact / value added of the Committee's work.		✓		<p>The Committee has undertaken specific work, in line with its Terms of Reference, to add value to the operations of the Council – for example:</p> <ul style="list-style-type: none"> • Reviewing and approving a local code of corporate governance; • Reviewing and challenging the AGS; and • Monitoring the implementation of recommendations made by the Wales Audit Office (from an internal control perspective). <p><u>Proposal for Improvement</u></p> <ul style="list-style-type: none"> • Using one area of the Audit Committee's Terms of Reference, pilot an approach to evaluating the impact of its

		2018/19 Self-Assessment				2019/20 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2018/19 and 2019/20 Proposal for Improvement
									work (with the aim of learning lessons and developing an approach to evaluate other areas of the Committee's work).

- 3.3 Subject to agreeing an Annual Report for 2019/20, the proposals for improvement (as per Table 1) will form the basis of an action plan that will be led and managed by Audit Committee during 2020/21.
- 3.4 The action plan will be a living document and will take into account other areas for development already identified, for example, considering the range and level of information reported to Audit Committee (and taking into account good practice identified across the regional service), risk management updates and actions required to support compliance with the new Local Government and Election (Wales) Bill (when enacted). In addition, agreed recommendations following completion of the Wales Audit Office project 'Rhondda Cynon Taf Audit Committee - Support and Development' will be incorporated into the Action Plan to ensure there is a single coordinated programme of improvement actions.

4. **CONCLUSIONS**

- 4.1 Our work-plan for this financial year has been balanced and has continued to build on the change in approach introduced in 2018/19 of broadening the items or topics reported to Audit Committee. In addition to this, a range of Officers have attended the Committee and this has continued to help us to deliver our Terms of Reference.
- 4.2 I believe that we have discharged the responsibilities placed upon us and the proposals for improvement that have arisen from the self-assessment will help further improve our arrangements and effectiveness.
- 4.3 Finally, I would like to place on record my appreciation to all Members of the Audit Committee for their work and support during 2019/20.

Appendix 1A - Self-assessment of good practice

Good practice questions		2018/19 Self-Assessment			2019/20 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No
Audit committee purpose and governance							
1	Does the authority have a dedicated audit committee?	✓			✓		
2	Does the audit committee report directly to Full Council?	✓			✓		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			✓		
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			✓		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			✓		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			✓		
Functions of the committee							
7	<p>Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</p> <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships and collaboration arrangements • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework 		✓		✓		

Good practice questions		2018/19 Self-Assessment			2019/20 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓			✓		
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓			✓		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A			N/A		
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			✓		
Membership and support							
12	Has an effective audit committee structure and composition of the committee been selected? This should include:						
a.	separation from the executive	✓			✓		
b.	an appropriate mix of knowledge and skills among the membership		✓			✓	
c.	a size of committee that is not unwieldy	✓			✓		
d.	consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)	✓			✓		
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the Full Council?	✓			✓		
14	Does the chair of the committee have appropriate knowledge and skills?	✓			✓		
15	Are arrangements in place to support the committee with briefings and training?	✓			✓		
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓			✓
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Finance Officer?	✓			✓		
18	Is adequate secretariat and administrative support to the committee provided?	✓			✓		

Good practice questions		2018/19 Self-Assessment			2019/20 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No
Effectiveness of the committee							
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	✓		
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓			✓		
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			✓		
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			✓		
23	Has the committee evaluated whether and how it is adding value to the organisation?		✓			✓	
24	Does the committee have an action plan to improve any areas of weakness?	✓			✓		
25	Does the committee publish an annual report to account for its performance and explain its work?	✓			✓		

Tudalen way

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

AUDIT COMMITTEE 20th July 2020	AGENDA ITEM NO. 6
REPORT OF THE CHIEF EXECUTIVE	WHISTLEBLOWING ANNUAL REPORT 2019/20

Author: Peter Cushion (Head of Employee Relations)

(01443) 444503

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present a copy of the Council's Annual Whistleblowing Report 2019/20 in accordance with the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017 (the '2017 Regulation').

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review, and if deemed appropriate, approve the Annual Report (Appendix 1).
- 2.2 Consider whether any changes or improvements to the current whistleblowing arrangements are required.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To provide Audit Committee with a copy of the Council's Annual Whistleblowing report in accordance with its Terms of Reference, and to demonstrate compliance with the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017.

4. THE COUNCIL'S WHISTLEBLOWING POLICY

- 4.1 A copy of the Council's Whistleblowing Policy & Procedure was reported to the Council's Audit Committee at its meeting held on the [31st October 2016](#). The Policy is reviewed regularly at an operational level and changes made since 2016 have been of a housekeeping nature (job titles of Officers for example).
- 4.2 The purpose of the Policy is to provide a means by which complaints of malpractice or wrongdoing can be raised by those who feel that other avenues

for raising such issues are inappropriate. The Policy confirms that so far as possible, those raising concerns under the Policy will be treated confidentially.

5. ANNUAL WHISTLEBLOWING REPORT 2019/20

5.1 The Terms of Reference for Audit Committee state:

As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the [Audit] Committee will assist the Authority in discharging its responsibility for ensuring financial probity, without taking any action which might prejudice it. The Committee will [specifically in relation to overseeing a culture of zero tolerance towards serious wrongdoings]:-

(C) Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements,

(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.

(T) Promote and review any measures designed to raise the profile of probity within the Authority.

5.2 In line with the above Terms of Reference, the Council's Whistleblowing Annual Report 2019/20 is included at Appendix 1. Members will note that the Annual Report contains one recommendation: To undertake a review of the Whistleblowing Policy and Procedure and report the outcome(s) to Audit Committee during 2020/21 for consideration.

5.3 Subject to Audit Committee's consideration and feedback, an approved Whistleblowing Annual Report 2019/20 will be made available on the Council's website.

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 Prescribed Persons (Reports on Disclosures of Information) Regulation 2017 (the '2017 Regulation') came into effect on the 1st April 2017 and requires specified employers (known as relevant prescribed persons) to report annually on the whistleblowing arrangements in place.
- 9.2 The 2017 Regulation also requires prescribed persons to include in annual reports information on the number of disclosures made and states that the annual report be published on the employer's website or by other means appropriate for bringing the report to the attention of the public.
- 9.3 A copy of the 2017 Regulation is provided at the following link:

http://www.legislation.gov.uk/ukxi/2017/507/pdfs/ukxi_20170507_en.pdf

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 The work in relation to probity 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

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the arrangements in place to manage risks associated with potential misappropriation.

11. CONCLUSION

- 11.1 The Annual Report provided at Appendix 1 has been written in accordance with the responsibilities placed upon the Council by the 2017 Regulation.
- 11.2 The Annual Report provides an overview of the arrangements in place and also summarises the reported instances received, whilst protecting the confidentiality of the whistle-blowers.
- 11.3 Overall, the Annual Report concludes that '*the Council's whistleblowing arrangements are appropriate*'.

LOCAL GOVERNMENT ACT, 1972
AS AMENDED BY
THE ACCESS TO INFORMATION ACT, 1985
RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
AUDIT COMMITTEE
20th July 2020
WHISTLEBLOWING ANNUAL REPORT 2019/20

REPORT OF CHIEF EXECUTIVE

Author: Peter Cushion (Head of Employee Relations)

Item: 7

Background Papers

None.

Officer to contact: Richard Evans

Appendix 1 – Whistleblowing Annual Report 2019/20



**RHONDDA CYNON TAF COUNTY BOROUGH
COUNCIL**

**WHISTLEBLOWING ANNUAL REPORT
2019/20**

1. Introduction

- 1.1 Members of staff are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council and they may also fear harassment or victimisation. In these circumstances, it may appear to be easier to ignore the concern rather than report it.
- 1.2 For the purpose of the Whistleblowing Policy & Procedure (reported to Audit Committee at the meeting held on [31st October 2016](#)), 'workers' refer to all those that deliver services on behalf of the Council and also those organisations that provide services to the Council i.e. Employees, Contractors and Suppliers.
- 1.3 The Council is committed to achieving the highest possible standards of service. In line with that commitment, workers with serious concerns about any aspect of the Council's work are encouraged to come forward and voice those concerns. The Council encourages workers to participate without fear of reprisals.
- 1.4 The Whistleblowing Policy & Procedure aims to encourage and enable workers to raise serious concerns within the Council rather than overlooking a problem.
- 1.5 The Director of Human Resources has overall responsibility for the maintenance and operation of the Policy and has ensured that a record of all cases reported along with the outcomes has been compiled during 2019/20.

2. Raising an Issue

- 2.1 Initially workers should raise their concern with their immediate Line Manager / Head of Service / key contact within the Council, who will be able to determine whether they can deal with the concern or if it requires escalation. This can depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the matter.
- 2.2 In some instances the direct contacts may be the individuals where concerns relate, in which case, concerns can be raised in writing via the [Get Involved](#) section of the Council's Website. Individuals should include as much information as possible such as relevant dates, incidents and witnesses. If individuals wish to leave contact details then this is encouraged as quite often the ability to fully investigate necessitates contact to be made by an investigating officer should they have supplementary questions.
- 2.3 The Whistleblowing Policy & Procedure provides guidance in respect of anonymity and keeping the identity of a whistle-blower confidential.

3. What's been done to assess awareness?

- 3.1 Within the 2018/19 Annual Report, the following four actions were identified as areas where further work was needed.

ACTION 1

Remind staff of the importance of feeling empowered to report any suspicions that they may have.

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.

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.

ACTION 4

Review the detailed feedback received from the survey and use this to target resources at areas identified that could improve the arrangements further.

- 3.2 Following consideration of the 2018/19 Annual Report, the underlying theme from Audit Committee was that the staff survey could provide valuable intelligence to inform the targeting of resources in terms of awareness raising and providing assurance to our workers. As a result of this feedback, the following recommendation was included within the Annual Governance Statement 2018/19:

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.

- 3.3 An update on this recommendation was provided to Audit Committee at its meeting held on [17th December 2019](#).

The results of the staff survey that was issued in 2018 have been re-reviewed and from that data it is concluded that there are 'no pockets' of areas where awareness was low. The data indicates a general lack of awareness, rather than service specific. In order to address this, the following actions have been taken:

- *The Whistleblowing Policy is being highlighted in both the staff and manager induction processes.*
- *A payslip insert has been designed and was issued to all staff in December 2019.*
- *New posters have been printed and are being circulated to service areas, so they can be put on notice boards across the Council.*
- *Produced a targeted 'fraud awareness' training plan for employees (including elected members).*

3.4 Following receipt of the update, Members determined that they were content with the progress reported.

4. Whistleblowing activity during 2019/20

4.1 A summary of whistleblowing activity during 2019/20 is set out in Table 1.

Table 1 - Whistleblowing Activity 2019/20

Disclosure Summary	Method Disclosure	Action Taken
It was alleged that a driver of a Council vehicle was using his mobile phone whilst driving.	Online submission	Human Resources investigated this allegation and appropriate disciplinary action taken.
It was alleged that a member of staff used foul and abusive language towards a member of the public.	Online submission.	This matter was referred to the relevant Service Director and an initial investigation was undertaken - however there was insufficient evidence to pursue.
Concerns were raised regarding a worker at an Infants school, following an alleged violent attack on another female.	Online submission	Following an initial investigation, it was established that the person in question was not a Council employee.
It was alleged that specific workers within a frontline service area were falsifying records and undertaking personal tasks during work time.	Online submission	Service Manager investigated and found no evidence to pursue. The Service Manager did meet with all relevant staff to ensure all were aware of expected standards of behaviour.
Allegations of managers not doing their job and drinking on duty over the Christmas period.	Online submission	There was no reference to any service area in the submission, therefore could not pursue.
It was alleged that a worker within a front line service area was mis-using their position.	Online Submission	Referred to Head of Service and review undertaken, however insufficient evidence to pursue.

Disclosure Summary	Method Disclosure	Action Taken
It was alleged that 'brown envelopes' were used as an incentive to win a planning application.	Online submission	No evidence provided to pursue.

4.2 The Whistleblowing Policy and Procedure was last reported to and reviewed by Audit committee at its meeting on 31st October 2016. Although it is noted that the Policy is reviewed regularly at an operational level and changes made since this time have been of a housekeeping nature (e.g. job titles of Officers), in line with the requirement to keep all policies and procedures under on-going review, it is recommended that a complete review of the Policy is undertaken and the outcome(s) reported to Audit Committee during 2020/21 for consideration.

5. Concluding comments

5.1 Whilst all staff are required to follow relevant Policies and Procedures put in place by the Council, unfortunately there are a very small number of instances where some individuals decide to contravene these arrangements.

5.2 In such instances, it is absolutely necessary that the Council has the appropriate arrangements in place for individuals to report potential serious wrongdoings.

5.3 It is difficult to fully ascertain how effective the Council's whistleblowing arrangements are in respect of awareness across all workers, and indeed whether all workers feel comfortable to report potential concerns. However, the fact that whistle-blowers have come forward during 2019/20 does indicate a general awareness and a culture whereby staff were prepared to do so.

5.4 All occasions of whistleblowing referrals have been fully investigated and, where appropriate, the necessary action has been taken.

5.5 Based upon the information contained within this report, I conclude that overall the Council's whistleblowing arrangements are appropriate.

Richard Evans – Director, Human Resources

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

AUDIT COMMITTEE 20th July 2020	ITEM NO. 7
REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE in consultation with the DIRECTOR OF FINANCE & DIGITAL SERVICES	INTERIM RISK BASED INTERNAL AUDIT PLAN 2020/21

Author: Mark Thomas (Head of Regional Internal Audit Service) and Lisa Cumpston(Group Audit Manager)

1. PURPOSE OF THE REPORT

- 1.1 This report provides Members with the Interim Risk Based Audit Plan for 2020/21.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review and approve the interim Internal Audit Plan for 2020/21.
- 2.2 Receive updates on how the plan is being delivered and any changes that have been required in light of experience of working in completely different circumstances and environment.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing, approving and ensuring the coordination of the Annual Internal Audit Plan for the financial year. .

4. BACKGROUND

- 4.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard '2010 Planning') provides the framework within which an internal audit plan should be compiled.

- 4.2 In line with the Public Sector Internal Audit Standards the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 4.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 4.4 In order to produce the Internal Audit plan the following information is taken into account:
- Strategic Risk Register;
 - Corporate Plan;
 - Key Financial Systems;
 - Fraud, Bribery & Corruption Risk Assessment;
 - Grant Claims that require Internal Audit certification;
 - Follow-up reviews requested by Audit Committee;
 - Audit reviews that are carried forward from the previous audit plan;
 - Recommendations from External Inspectors / Regulators; and
 - Results of discussions with the Senior Leadership Team, including the Chief Executive, Section 151 officer and other senior officers.
- 4.5 The Public Sector Internal Audit Standards require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.
- 4.6 By taking into account the sources of information noted above, this supports Internal Audit to achieve the following:
- Comply with the Public Sector Internal Audit Standards in compiling the draft Annual Audit Plan;
 - Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2020/21 based on the audit reviews set out in the draft Annual Audit Plan; and
 - Enables the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.
- 4.7 The draft audit plan for 2020/21 was due to be presented to Audit Committee at its meeting scheduled for 27th April 2020 but due to the Covid19 outbreak this meeting was cancelled.

Impact of COVID 19

- 4.8 Urgent decisions were made in March 2020 in relation to how council services would need to operate in light of the pandemic and the potential impact on the population and the decisions made by the UK and Welsh Governments to minimise its spread.
- 4.9 Emergency arrangements were put in place around decision making and governance in case they were needed and normal Council and Committee meetings were suspended.
- 4.10 Most key frontline functions continued to operate with reduced staffing levels and included:
- the provision of social care services to the most vulnerable;
 - homelessness, domestic abuse, and substance misuse services;
 - community meals service to the elderly;
 - coordination of the shielding scheme and made contact with 6,726 people identified by the NHS as vulnerable due to COVID-19;
 - Children's Services, Attendance and Well-Being and schools keeping in touch with vulnerable children and families;
 - refuse collection, street cleansing and highways and land reclamation teams continuing to address flooding issues;
 - youth services, library services and adult education services delivering a wide range of provision on-line;
 - processing business grants of £42.9Million to over 3,600 businesses;
processing weekly free school meal bacs payments to the families of over 9,300 pupils and processing significantly more Housing Benefit and Council Tax support applications; and
 - providing emergency childcare provision in school settings.
- 4.11 The continuation of key back-office functions that included:
- ensuring contractors and Council employees and pensioners are paid;
 - developing and making available a well-being helpline and counselling service to all staff; and
 - the IT Service transforming how the Council works in a very short period, with over 3,000 staff across the Council working from home as numerous offices and buildings were closed.
- 4.12 A number of staff were re-purposed to support the vulnerable in the community and also to work in the Test Trace Protect (TTP) Service in order to help minimise the spread of the disease. This included some Internal Audit staff.
- 4.13 As a result of the significant changes to the way the Council was and is operating it has been necessary to re-evaluate the original draft plan to develop an **Interim Risk Based Plan for 2020/21** (see Appendix A).

The **principles and steps** followed were:

1. The items identified in the original plan following the various consultation meetings held in January to March 2020 (prior to COVID 19) were included as a basis for the Interim Plan alongside an assessment of risk at that time and Audit Committee requests that arose during the year.
 2. An updated assessment of risk as a result of COVID 19 was undertaken during May & June 2020, in consultation with the S151 Officer and Deputy S151 Officer, but also considering essential pieces of work to be undertaken, e.g.:
 - statutory and grant related work,
 - work required to inform the Head of Internal Audit's Annual opinion,
 - requests from the S151 Officer, Chief Executive, and other members of SLT,
 - requests from Audit Committee,
 - consideration of self-evaluation feeding into the assurance process.
 3. There will be a lower level of coverage than normal and different emphasis due to the impact of COVID in its many ways, (e.g. particular risks arising from COVID, lost time due to TTP work, childcare responsibilities, sickness, availability of audit and service staff, and challenges arising from the remote way of working.)
 4. The plan will need to be even more flexible than usual to be able to respond to changing circumstances and events that may occur. (e.g. second wave/outbreaks, ability to access staff and evidence, requests to respond to new issues that may emerge).
 5. Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data.
 6. The need to learn what works and what doesn't as an approach in an iterative and proportionate way and take account of pressures on particular services and individuals in conducting our work.
- 4.14 The Senior Leadership Team have endorsed the Interim Plan and the approach identified above.
- 4.15 With the two members of Internal Audit staff currently employed on TTP work returning, the Head of Internal Audit considers there will be sufficient Internal Audit resource to cover the high risk/priority areas in the proposed interim plan with a contingency of approximately 60 days for other work which may arise as the year progresses.

- 4.16 This would provide sufficient coverage to be able to provide an opinion at the end of 2020/21 having regard to the unprecedented impact caused by the COVID pandemic.
- 4.17 The Interim Risk Based Audit Plan 2020/21 is attached at **Appendix A** for Members consideration.

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 2020-2024 "Making a Difference", 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 Interim Internal Audit Risk Based Plan for 2020/21 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council's Internal Audit Charter taking into account the unprecedented challenges caused by the COVID 19 pandemic.
- 10.2 The Council's Audit Committee, in line with its Terms of Reference, is requested to review and approve the Interim Internal Audit Risk Based Plan for 2020/21.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

20th July 2020

REPORT OF THE REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author: Mark Thomas (Head of Regional Audit Service)

Item

8. Interim Internal Audit Risk Based Plan 2020/21

Appendix A – Interim Risk Based Internal Audit Plan 2020/21 (High Risk/Priority Areas)

Previously planned work now with an element of COVID related activity added
Covid specific risk areas identified
Statutory/Quasi Statutory
Included in original draft Internal Audit Plan 2020/21

DIRECTORATE	AUDITS	CATEGORY
CHIEF EXECUTIVE	PURCHASE CARDS - NON SCHOOLS SPEND C/F	OVERALL CONTROL ENVIRONMENT
CHIEF EXECUTIVE	ADMINISTRATION OF TRUST FUNDS	STATUTORY
CHIEF EXECUTIVE	DIGITALISATION C/F (INCL COVID RELATED RISKS)	CORPORATE PLAN PRIORITY
CHIEF EXECUTIVE	CREDITORS (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	BENEFITS (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	PAYROLL (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	PENSIONS	CORE FINANCIAL
CHIEF EXECUTIVE	BUDGETARY CONTROL (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	DEBTORS (INCL COVID RELATED RISKS)	CORE FINANCIAL
CHIEF EXECUTIVE	CORPORATE LANDLORD COMPLIANCE	OVERALL CONTROL ENVIRONMENT
PROSPERITY, DEVELOPMENT & FRONTLINE SERVICES	EMERGENCY PLANNING	GOVERNANCE
COMMUNITY & CHILDREN'S SERVICES	SECTION 17 PAYMENTS	OVERALL CONTROL ENVIRONMENT
COMMUNITY & CHILDREN'S SERVICES	LLWYDCOED CREMATORIUM	STATUTORY
EDUCATION & INCLUSION SERVICES	SCHOOLS SELF EVALUATION	OVERALL CONTROL ENVIRONMENT
EDUCATION & INCLUSION SERVICES	DCELLS POST 16 GRANT CERTIFICATION	GRANT CERTIFICATION
EDUCATION & INCLUSION SERVICES	REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT (RCSIG)	GRANT CERTIFICATION

EDUCATION & INCLUSION SERVICES	LOCAL EDUCATION AUTHORITY GRANT	GRANT CERTIFICATION
EDUCATION & INCLUSION SERVICES	PUPIL DEPRIVATION GRANT	GRANT CERTIFICATION
EDUCATION & INCLUSION SERVICES	TONYREFAIL COMMUNITY SCHOOL - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	YSGOL NANTGWYN - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	YSGOL LLANHARI - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	YSGOL HEN FELIN - FOLLOW UP	FOLLOW UP REVIEW
EDUCATION & INCLUSION SERVICES	PARK LANE SPECIAL SCHOOL -FOLLOW UP	FOLLOW UP REVIEW
WHOLE AUTHORITY ARRANGEMENTS	INFORMATION MANAGEMENT	GOVERNANCE
WHOLE AUTHORITY ARRANGEMENTS	ANTI-FRAUD, BRIBERY & CORRUPTION C/F	FRAUD, BRIBERY & CORRUPTION
WHOLE AUTHORITY ARRANGEMENTS	RISK MANAGEMENT C/F	RISK MANAGEMENT
WHOLE AUTHORITY ARRANGEMENTS	CORPORATE SAFEGUARDING (INCL COVID RELATED RISKS)	CORPORATE PLAN PRIORITY
AMGEN	AMGEN - CREDITORS	STATUTORY
AMGEN	AMGEN - DEBTORS	STATUTORY
AMGEN	AMGEN - GENERAL LEDGER	STATUTORY
AMGEN	AMGEN - PAYROLL	STATUTORY
CENTRAL SOUTH CONSORTIUM	CSC - REGIONAL CONSORTIA SCHOOL IMPROVEMENT GRANT	GRANT CERTIFICATION
CENTRAL SOUTH CONSORTIUM	CSC - GENERAL LEDGER	STATUTORY
CENTRAL SOUTH CONSORTIUM	CSC - PUPIL DEPRIVATION GRANT	GRANT CERTIFICATION
CHIEF EXECUTIVE	PAYMENT OF INVOICES / CREDITORS / PAYROLL ARRANGEMENTS (already included in plan)	COVID 19
WHOLE AUTHORITY ARRANGEMENTS	REMOTE WORKING IMPACT ON GOVERNANCE & INTERNAL CONTROL	COVID 19
CHIEF EXECUTIVE	CONTRACT VARIATIONS / PAYMENTS IN ADVANCE	COVID 19
CHIEF EXECUTIVE	GRANTS TO BUSINESSES	COVID 19

Tudalen way

2020 Audit Plan – Rhondda Cynon Taf County Borough Council

Date issued: April 2020

Document reference: 1817A2020-21

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2020 Audit Plan

Our duties

- 1 We complete work each year to meet the following duties.

Audit of financial statements

- 2 Each year we audit the Rhondda Cynon Taf County Borough Council's (the Council) financial statements to make sure that public money is being properly accounted for.

Value for money

- 3 The Council has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

Continuous improvement

- 4 The Council also has to put in place arrangements to make continuous improvements and we also check if it has done this.

Sustainable development principle

- 5 Public bodies need to make sure that when making decisions they consider the impact they could have on people living in Wales now and in the future. We have to assess the extent to which they are doing this.

Impact of COVID-19

- 6 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on local authorities' preparation of the 2019-20 accounts and our audit work, both financial audit and performance audit.
- 7 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many local authorities will not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 8 In response to the government advice and subsequent restrictions, we have ceased on all on-site work at audited bodies and our own offices. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.
- 9 Consequently, this audit plan does not include any details in relation to completion of our audit work. We will discuss a timetable with the authority once the current

national emergency situation is over and the authority is in a position to prepare its accounts.

- 10 We commit to ensuring that our audit work will not have a detrimental impact on you at a time when public bodies are stretched and focused on more important matters.

Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness':
- we plan to give an opinion on the Council's financial statements
 - assess whether the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. We also review whether they are consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- 12 In addition to our responsibilities for auditing the Council's financial statements, we also have responsibility for:
- certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
 - auditing the Council's pension fund accounts (a separate audit plan has been prepared for the audit of the pension fund);
 - the Limited Assurance report for Llwydcoed Crematorium joint committee; and
 - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 13 There have been no limitations imposed on me in planning the scope of this audit.
- 14 Further information about our work is provided in our Statement of Responsibilities, which is available on our website (www.audit.wales).

Financial Statement Audit Risks

- 15 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	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>Due to adverse weather within the financial year there will be significant damage to the Council's property, plant and equipment which lead to impairments in the financial statements.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the impairment exercise to ensure relevant assets have been considered; and • review estimates of impairments are on a reasonable basis.
<p>McCloud judgement In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they accept that the judgment applies to all of the main public service pension schemes. The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p>	<p>My audit team will review the provision made in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the LG/Police/Firefighters pensions scheme</p>

Audit risk	Proposed audit response
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency will see a significant delay in the preparation and publication of accounts. There is a risk that the quality of the accounts and supporting working papers eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
Other areas of audit attention	
<p>Introduction of IFRS 16 Leases has been deferred until; 2021-22. There is considerable work required to identify leases and the COVID-19 national emergency may pose implementation risks.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.</p>

Performance audit

- 16 In addition to our Audit of Financial Statements we also carry out a programme of performance audit work to discharge the Auditor General's duties set out on **page 4** in relation to value for money, continuous improvement and sustainable development. For 2020-21 this work is set out below.

Exhibit 2: Performance Audit Programme 2020-21

This table summarises the performance audit programme for 2020-21

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) examination	A project common to all local councils that will focus on the theme of 'prevention'.
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 building on work undertaken during 2019-20.
Local performance audit work	To be confirmed.

Certification of grant claims and returns

- 17 I have been requested to undertake certification work on Rhondda Cynon Taf County Borough Council's grant claims and returns.
- 18 As was the case last year, I am not required to provide any report of factual findings related to any activity levels or outcomes
- 19 My audit fee for this work is set out in **Exhibit 3**.

Fee, audit team and timetable

- 20 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed following the end of the COVID-19 national emergency, 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 document;
 - 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.
- 21 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 22 Your estimated fee for 2020 is set out in **Exhibit 3**. 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 3: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	229,562	239,562
Performance audit work ³	94,084	94,084
Limited Assurance Report – Llwydcoed Crematorium Joint Committee	2,043	2,043
Audit of financial statements – Welsh Church	6,340	6,340
Total fee	332,029	342,029
Grant certification work ⁴	32,000-38,000	57,080

- 23 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.
- 24 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 25 The main members of my team, together with their contact details, are summarised in **Exhibit 4**.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

² Payable November 2019 to October 2020.

³ Payable April 2020 to March 2021

⁴ Payable as work is undertaken

Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Huw Rees	Engagement Director	02920320707	Huw.Rees@audit.wales
Richard Harries	Director with responsibility for financial audit work	02920320636	Richard.Harries@audit.wales
Mike Jones	Audit Manager (Financial Audit)	02920320649	Mike.Jones@audit.wales
Carwyn Rees	Audit Lead (Financial Audit)	02920829375	Carwyn.Rees@audit.wales
Colin Davies	Audit Manager (Performance Audit)	02920320666	Colin.Davies@audit.wales
Justine Morgan	Audit Lead (Performance Audit)	02920320567	Justine.Morgan@audit.wales

Timetable

- 26 We will continue to undertake such remote work as is possible during the COVID-19 national emergency. However, as set out above, we will not be in a position to agree a timetable with you until the COVID-19 national emergency has passed.
- 27 Therefore, we will report on a timetable for our audit work in due course.
- 28 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.



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Chris Bradshaw, Chief Executive
Barrie Davies, Director of Finance
and Digital Services
Rhondda Cynon Taf
County Borough Council

By e-mail

Reference: HR20-03

Date issued: 30 April 2020

Dear Chris and Barrie

Annual Audit Plan 2020 – Impact of COVID-19

The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on public bodies' preparation of the 2019-20 accounts and our audit work, both financial audit and performance audit.

Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many public bodies will not be able to prepare accounts in line with the timetables set out.

Alongside the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.

In response to the government advice and subsequent restrictions, we have ceased all on site work at audited bodies and our own offices have closed. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.

We commit to ensuring that our audit work will not have a detrimental impact on you at a time when public bodies are stretched and focused on dealing with the COVID-19 national emergency.

Amendments to the audit plan issued April 2020

In light of the above, the audit plan that we recently agreed already needs to be amended.

Audit of accounts

CIPFA/LASAAC Code of Accounting Practice

You will be aware that the CIPFA/LASAAC Code Board recently considered a proposed Code Update 2019-20 that would have disapplied large parts of the 2019-20 Code. After discussion, the CIPFA/LASAAC Code Board decided not to adopt the proposed Code Update. Therefore, the 2019-20 Code (the Code) will apply in full for this year. We understand that the authority is working towards preparing accounts in accordance with the full Code.

Audit risks

As a result of the COVID-19 national emergency, we need to update our assessment of audit risks. The schedule at [Annex A](#) adds to Exhibit 1 in the 2020 audit plan.

Potential audit issues

We are aware of concerns expressed by a number of local authorities about various aspects of the accounts.

Specific areas of concern raised with us include:

- Increased use of estimates. Due to the UK lockdown, authorities may be required to use more estimations for their accounts than in previous years. Our auditors are used to dealing with estimates and applying auditing standards in relation to estimates. We will discuss with you the key assumptions and evidence bases underlying estimates and will do this at an early stage.
- Asset valuations. Authorities have raised concerns about professional valuers applying disclaimers to their valuations and the potential impact on audit opinions. We will discuss these valuations and any necessary disclosures related to the valuations with you to ensure that the financial statements as a whole present a true and fair view.
- Pensions valuations. Due to the significant movements in investment markets, there are concerns over whether valuations provided by actuaries will be acceptable. Our audit process includes the use of a consulting actuary to provide audit assurance over the methodology and assumptions used by actuaries in providing data for IAS19 disclosures. We will review

your actuary's IAS19 reports and our consulting actuary's assessment and discuss any concerns with you at an early stage.

- Removal of disclosure notes to simplify the accounts preparation process. We have been asked for our views on the potential for excluding disclosure notes where it is felt that the notes add limited value to the user of the accounts. Examples quoted include the remuneration notes and related party disclosures. The remuneration notes are required by statute and therefore cannot be removed from the accounts. For the other notes, we draw your attention to the Code's provisions related to materiality. The Code sets out that omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. The nature or size of the item, or a combination of both, could be the determining factor. The Authority should consider the Code's provisions related to materiality when reviewing the disclosure notes and discuss any concerns with the audit team. Further detail on materiality can be found in the following paragraphs in the Code: 1.7.1, 2.1.2.14, 3.3.2.4, 3.4.2.7 and 3.9.2.17.

If you have any further areas of concern, please raise these with your audit team as soon as possible. Our auditors will seek to be pragmatic about the timely provision of information and evidence and sympathetic in our verbal and written communication and reporting on issues brought about by current events.

However, we must continue to undertake our audit work in accordance with auditing standards. We will seek to obtain sufficient audit evidence required to form unqualified audit opinions on the financial statements.

Audit timetable

In respect of our accounts work, we are aware that there may be difficulties in meeting the accounts preparation and publication dates set by the Accounts and Audit (Wales) Regulations 2014. Welsh Government have indicated that the Regulations will not be amended as they already provide sufficient flexibility to deal with any delays resulting from COVID-19.

The Regulations require the publication of a notice where the authority does not expect to achieve the dates specified by the Regulations. I have included further detail in [Annex B](#) and example notices in [Annex C](#) that the Authority may wish to consider using.

The requirements for the exercise of electors' rights under the Public Audit (Wales) Act 2004 continue to apply. This presents some practical difficulties while lockdown restrictions still apply e.g. public access to the authority's accounting records.

Therefore, the audit team will discuss with you an appropriate timetable for public inspection when we have a clear idea of the date on which the accounts will be available and when lockdown restrictions have been sufficiently relaxed.

The audit team will issue an audit notice in due course setting out the appointed date.

This may mean that there is a delay before we can issue our audit opinion.

We will need to discuss any amendments to the timetables for the production and audit of accounts with you but will continue to work as flexibly as we can. It will be vital that this engagement continues over the next few months, against what will doubtless be a fast-changing backdrop. My assessment is that our ability to meet revised audit completion dates will mainly depend on:

- the extent to which remote working and auditing is possible if the current lockdown restrictions are not lifted;
- the quality of the draft accounts and supporting working papers made available to us (driven in part by the extent of any pre-audit management reviews of that material);
- the continued availability of audited body staff to respond promptly to audit queries (given the potential pressures of sickness absences, carer and back-filling responsibilities etc);
- the continued availability of Audit Wales staff to conduct the audit work; and
- the ability of those charged with governance to convene (potentially on a virtual basis) to approve accounts.

We will of course be keeping a very close eye on all of these factors in the coming weeks and exploring options to overcome potential barriers to timely completion wherever possible, and will keep you and your team fully up to speed with any developments in this area.

Programme of performance work

Our annual audit plan also set out a programme of performance audit work at RCTCBC. On 18 March 2020, the Auditor General wrote to the Chief Executive explaining that, following Government guidance, he had decided to suspend all on-site performance audit work with immediate effect. We will make as much progress as possible with these activities by working remotely, if appropriate. However, the COVID-19 outbreak will have an inevitable impact on the delivery of our programme of performance audit work. We are keeping this under on-going review and will communicate further information on any revisions to our programme, timings and performance audit outputs when more is known about the duration of the COVID-19 restrictions and the wider impact of the outbreak on the local government sector.

We will provide further updates as and when necessary. In the meantime, if you have any questions, please contact one of our audit team.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Huw Rees', with a horizontal line extending to the right.

Huw Rees
Engagement Director

Annex A: Amended financial statement audit risks

The following exhibit adds to Exhibit 1 in the audit plan issued in April.

Financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>Impact of COVID-19 – general risks</p> <p>The COVID-19 national emergency is likely to have a significant impact on the Authority and its accounts production process. Potential risks include:</p> <p>Subsequent events. The Authority is at present, unlikely to prepare its accounts in accordance with the timetable laid down by the Accounts and Audit (Wales) Regulations 2014. The shifting reporting deadlines increases the period (and therefore the related risks) for events occurring between the date of the financial statements and the date of the auditor’s report. The consequences of the virus post 31 March 2020 will generally be non-adjusting post balance sheet events but some form of disclosure may be needed.</p> <p>Use of estimates. The uncertainties and delays caused by the UK wide lockdown may result in actual data being unavailable and greater use of estimates in preparing the accounts</p>	<p>My audit team will undertake the following steps to ensure the risks arising from COVID-19 are adequately addressed:</p> <p>We will extend the period of review of subsequent events in order to identify any material subsequent events related to COVID-19, and whether these have been appropriately addressed or disclosed in the financial statements in accordance with the financial reporting framework.</p> <p>We will consider if there are areas that may require management to provide further evidence due to the fast-changing nature of this issue.</p> <p>We will ensure that appropriate changes been made to recognise any enhanced uncertainty in the calculation of accounting estimates (including impairment calculations).</p> <p>We will also consider whether assumptions are appropriate in the circumstances and</p> <p>We will adopt a greater focus on the following areas:</p> <ul style="list-style-type: none"> ○ The financial statement closing process (in particular journal entries and other adjustments made). ○ The auditor’s evaluation of the overall presentation of the financial statements, including consideration of whether

adequate disclosures have been made.

Annex B: Requirements of the Accounts and Audit (Wales) Regulations 2014

You may be aware that in England, the Local Government Secretary Robert Jenrick MP announced that the deadline for preparation of local government accounts will be extended to 31 August 2020 and publication of audited accounts to 30 November.

Audit Wales discussed this development with Welsh Government officials to establish if a similar announcement will be made for Wales. The Welsh Government position (as communicated to local government bodies) is currently as set out below.

Statutory requirements

The statutory position for local government bodies in Wales is set out in the Accounts and Audit (Wales) Regulations 2014 (as amended).

Welsh Government interpretation

Regulation 10 sets out the expected timetable for the preparation, approval and audit of the annual accounts. Due to the impact of COVID-19, Welsh Government recognises that it may not be possible for all local government bodies to meet this timetable. Regulation 10(4) provides local government bodies with sufficient flexibility to deal with delays caused by COVID-19. Its guidance on the Regulations, notes that:

“Where, extraordinarily, certification cannot happen before [31 May/15 June], action needs to be taken to publish a statement that clearly sets out the reasons why this has not happened before that date and agree a course of action to ensure this is done as soon as is practicable after [31 May/15 June].”

The guidance also notes that the accounts should be published by 31 July/15 September even if the accounts have not been approved.

On the basis that sufficient flexibility is built into the current Regulations, Welsh Government does not consider it necessary to amend the Regulations.

Audit Wales view and impact on the audit process

Audit Wales concurs with the Welsh Government assessment that sufficient flexibility already exists in the Regulations.

In the event that the accounts are not prepared by the statutory timetable, audited bodies should notify their audit team and publish a notice setting out there is a delay and the reason for the delay. Example wording is provided in [Annex C](#).

Annex C: Accounts and Audit (Wales) Regulations 2014 – suggested notice

Audit notice where RFO unable to certify the accounts either due to illness or because the accounts have not been prepared

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of Rhondda Cynon Taf CBC sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by 15 June 2020.

The Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2020. Due to the COVID-19 outbreak, the authority has diverted resources to support key frontline services and the statement of accounts has not yet been prepared. The statement of accounts will be prepared and the Responsible Financial Officer will sign and certify the statement of accounts when the immediate pressures of the COVID-19 outbreak have subsided.

Audit notice where RFO has certified the accounts but the audited body is not meeting and therefore unable to approve the accounts

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of Rhondda Cynon Taf CBC sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by 15 June 2020.

[The Responsible Financial Officer signed and certified the accounts on [date].

Regulation 10(2) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that following the certification by the Responsible Financial Officer referred to above, Rhondda Cynon Taf CBC approve and publish the audited statement of accounts. The Regulations required that this be completed by 15 September 2020.

[Due to the COVID-19 outbreak, the statement of accounts has not yet been prepared.]

OR

[Due to the COVID-19 outbreak, Rhondda Cynon Taf CBC has not met to approve the statement of accounts.]

OR

[Due to the COVID-19 outbreak, the audit of the 2019-20 statement of accounts has not yet been completed and no audit opinion has been provided. The statement of accounts that is published is the unaudited statement of accounts.]

Tudalen wag

Reference: AC/190/caf
Date issued: 30 April 2020

Dear Colleague

Audit Wales work programme

I am writing to update you on some important aspects of the work that my office will be undertaking over the coming weeks and months. Firstly though, I would like to pay tribute to all the public servants who are working so hard to see our country through this crisis. As the organisation responsible for scrutinising so many of these public bodies, we have a privileged insight into how vital they are to everyone's lives, every day – and even more so at a time like this. As Auditor General, on behalf of everyone at Audit Wales, and simply as a member of the public - thank you.

As you know, last month I decided to pull back from all on-site audit work as the public service focused on the pandemic. We have continued to make progress on other activity whilst working and engaging with you remotely. I remain committed to ensuring that our audit work does not have a detrimental impact on the efforts of severely stretched public bodies to deal with the national emergency. That is not to say, however, that I want us to be entirely passive. Well targeted and well delivered public audit has a vital part to play at this time in ensuring value for money, good governance and accountability. This letter explains how we will be approaching our work over the coming months.

Well-being of Future Generations report

In line with statutory requirements, we have published our Annual Plan for 2020-21, recognising that much of the performance audit work programme described in it will now need to be re-shaped or deferred.

One important exception to this is my national report under the Well-Being of Future Generations (Wales) Act 2015, which I am required by statute to lay by 5 May 2020. I have decided to lay my report 'without fanfare' before the Senedd on 5 May, and to defer any significant engagement with public service leaders and others regarding the key report messages until later in the year. I consider this to be a pragmatic way of discharging my statutory duty under the 2015 Act, whilst minimising any unnecessary distractions for the wider public sector at this difficult time. I hope the delay in engagement will also help to ensure that the impact of this important report in supporting constructive change is not significantly diminished.

Real-time audit work in respect of COVID-19

It is already apparent to my audit teams that people and organisations right across the Welsh public services are developing novel and innovative ways of working in response to COVID-19. The crisis is forcing us all to innovate and address long-standing issues with urgency. Both opportunities and risks will doubtless emerge during this period which, if acted upon sooner rather than later, can generate real-time benefits and help to mitigate other risks.

To that end, I want to deploy the capability and capacity of Audit Wales for the good of the wider public sector. Specifically, I propose to undertake work providing real-time capture and sharing of learning and experience across our audited bodies. This will involve our staff in gathering novel and other practice as it emerges and analysing it rapidly to draw out relevant points of learning. We are developing a software tool to assist us in gathering and processing this information. We will share the resulting insights swiftly to our key contacts across the Welsh public service.

I am acutely conscious that we will need to conduct any activity in a manner that doesn't impede the very important work that is happening across Wales, and which can add substantial value in informing that work. My intention is therefore to work closely with audited bodies to support them to improve their evolving responses to COVID-19, whilst preserving my objectivity and independence as Auditor General.

I am pleased to say that we have received support for this proposal from the Permanent Secretary and other senior officials at Welsh Government, the WLGA and the NHS Wales Confederation. As soon as we are able, my staff will be in touch to discuss practicalities which, as I say, will be designed to be as least intrusive as possible.

I attach a short summary of the project for your information. If you have any queries or concerns with this approach, or if you can suggest particular areas where it could be usefully directed, please let me or a member of my team know.

Other audit work in respect of Wales' response to COVID-19

Given the impact of COVID-19, I will be re-shaping my previously planned programmes of audit work. You won't be surprised, for example, that I am tracking the various COVID-19 funding flows from both UK and Welsh Governments and considering how best I can assure the people of Wales that those funds are well managed and that there is appropriate governance and accountability for the use of public money. Looking a little further ahead, I envisage a focus on what the impact of the current crisis means both in terms of the resilience and the future shape of public services in Wales. Of course, timing is everything, and I will ensure that our work does not prejudice the efforts of the public sector to tackle the crisis, whilst still reporting sufficiently thoroughly and promptly to support both scrutiny and learning.

Audit of accounts

My Engagement Directors have written to each of you about the impact of the COVID-19 emergency on your audit plan. This includes specific audit risks, as well as

revisions to the audit timetable and accounting requirements (where relevant). My staff will continue our close engagement with you and your senior team over the coming weeks and months to ensure that we deliver a high quality audit of your accounts in these changed circumstances.

Other matters

As well as considering how best to deploy Audit Wales resources to support the COVID-19 effort through our audit work, I am very aware that staff resources across public services are being stretched as never before. I want to let you know that, subject to availability and provided that the future independence of our work is not compromised, I am very willing to consider how my staff can assist wherever their skills and expertise may be required. Please let me (or a member of my team) know if there is anything specific that we can do to assist.

And finally, you will have noticed the identity and name change in this letter. Such a secondary issue in the current climate, I know, but in response to feedback on how we communicate and engage, we took the decision last year to bring together the various strands of our work under a new, clearer umbrella identity – Audit Wales. While not affecting our formal legal status, we will operate as Audit Wales henceforth in the vast majority of our public facing work. It is just one part of a wider programme of change for our audit reports; our website; our communications style and the way we engage more generally, that I hope you will recognise and value.

In closing, I would like to pay tribute once again to my colleagues across the Welsh public service and the phenomenal work they are doing for the people of Wales.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

Title

Project Briefing note:

The Auditor General for Wales plans to support the rapid collection, analysis and sharing of knowledge and insights during COVID-19

Novel Practice Emerges During a Crisis.

During any emergency or crisis people will develop solutions and work in ways that are novel. Practices will emerge that are outside the range of what could be described as business as usual.

The prolonged duration of COVID-19 provides the opportunity to capture and consider this novel practice from three perspectives:

1. The identification of opportunities to improve the current response to the situation, in as close to real time as possible;
2. The identification of emerging risks (for example widespread fraud attempts) that can then be mitigated before they develop to a large scale; and
3. The recording and consolidation of novel practice, that could be shared more widely in real time and also incorporated as good practice into 'business as usual' once COVID-19 has subsided.

Collecting and Recording Novel Practice

Organisations that are experienced in emergency and crisis situations often deploy observers / information gatherers alongside their recovery teams, to identify the novel practice as it emerges. This role is recognised as a vital part of learning from what has happened and facilitates being better prepared to face the future.

The collection of information can be achieved through a range of approaches that include impartial observation, conversations and document review. It is supported by rapid analysis to draw out key insights and feedback learning. This 'closes the loop' and supports a process of real time learning and improvement.

The role of Audit Wales in supporting the Welsh Public Services response to COVID-19

The Auditor General's statutory remit places Audit Wales in a unique position to observe activity wherever public resources are being used. Our staff have strong networks and trusted relationships with people across the Welsh public services. Consistent with preserving his independence, the Auditor General plans to deploy Audit Wales staff in the three areas identified above, in support of the 'team Wales' efforts to respond to COVID-19.

Importantly, the approach taken will not impose an additional burden upon public bodies and will be predicated upon sharing useful information and analysis in real time alongside collecting what might be useful insights and learning for others.

Specifically, this will involve:

- Audit Wales staff collecting information through methods including reviews of documents and published materials, discussions with individuals and groups and observations of meetings (generally via remote working);
- The collation of this material within and across our audit teams, using our SenseMaker data tool, to provide rapid analysis; and
- The rapid dissemination of insights, additional knowledge and potential shared learning points to their original data sources, and more widely across Welsh public services where appropriate.

We anticipate that this will be an ongoing process of 'collect, analyse, share and repeat'. Greater value will potentially be generated over time as more information is gathered and shared with the people who can use it to support their response to COVID-19. We will also keep the process itself under close review and adjust it as needed in response to feedback and changing circumstances.

The overall approach taken will be consistent with how our Good Practice work has been developed over the last decade - working with public services to support them to improve, whilst maintaining the objectivity and independence that is required of the Auditor General.

Tudalen wag

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Chris Bradshaw
Chief Executive
Rhondda Cynon Taf County
Borough Council

Reference: HR20-05

Date issued: 5 June 2020

Dear Chris

Performance Audit work programme

I hope this finds you in good health personally and that you are keeping yourself and family safe and well.

The challenges at hand are extraordinary, and I appreciate that the load you are carrying is significant at this time. Firstly, I would like to thank you and your staff, both for the incredible work that you are doing, and for the professional and sympathetic way that the limited engagement we have had over the last couple of months has been handled.

When the Auditor General wrote to you on 30 April, he set out our intention to re-shape previously planned programmes of work and to focus on the impact of the current crisis in terms of the resilience and the future shape of public services in Wales. I'm now writing to put more flesh on those bones.

In terms of the series of financial sustainability assessments conducted in the last audit year, all are now issued with the vast majority finalised. For the sake of completeness, we intend to finalise those few remaining in terms of factual accuracy, but I appreciate they are very much rooted in a point in time that is now consigned to history. Consequently, we have decided not to publish an all Wales summary position as this would no longer be relevant and would prove a distraction to current challenges. Instead, we intend to examine the financial impact of the pandemic on council budgets and their financial prospects, initially during the summer. This will follow the Welsh Government's supplementary budget in May and be at a point in time when first quarter outturn is known. This will enable us to produce an all-Wales view of the outlook for local government finance in Wales that also explores consequences and priorities for action. Our staff are in active discussions with the WLGA and the Society of Welsh Treasurers on this.

I'm sure that we are all collectively concerned that we focus on the future. With this in mind, we intend to deploy staff to support and challenge recovery planning in real-time. Collectively we need assurance that recovery takes due account of the multitude of risks, but also that it grasps the opportunities for a different and

sustainable future. We have taken the decision to replace the 'prevention' themed work that we set out in audit plans with this work on recovery planning.


We appreciate things are fast moving, which is why we are keen to identify, share and learn quickly across public services through the COVID-19 learning project that Adrian described in his letter. This is not traditional work for a public audit institution, but we believe we can add considerable value and we very much see it as complementary to our work on the 'big-ticket' areas, such as financial impact and recovery planning, that I've described.

Lastly, I know that there will be local risk-based audit projects either planned or in progress. I appreciate that, given the significance and magnitude of the areas of focus set out above, there may be little space in our audit programme to accommodate them. Our local audit team will discuss any potential areas of work that there may be benefit in retaining.

Thank you for your willingness to engage constructively. Our local audit team will be in touch to discuss the programme of work further, and please feel free to raise any issues or concerns with them.

Best wishes and thanks to all at Rhondda Cynon Taf County Borough Council.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Huw Rees', with a stylized flourish at the end.

Huw Rees
Engagement Director

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Prif Weithredwr
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Cyfeirnod: HR20-05

Dyddiad Cyhoeddi: 5 Mehefin 2020

Annwyl Chris

Rhaglen Waith Archwilio Perfformiad

Gobeithio y bydd y llythyr hwn yn eich cael mewn iechyd da yn bersonol a'ch bod yn cadw eich hun a'ch teulu'n ddiogel ac yn iach.

Mae'r heriau o'n blaenau yn eithriadol, ac rwyf yn sylweddoli bod y baich yr ydych chi'n ei ysgwyddo ar hyn o bryd yn sylweddol. Yn gyntaf, hoffwn ddiolch i chi a'ch staff am y gwaith anhygoel yr ydych yn ei wneud, ac hefyd am y ffordd broffesiynol a charedig yr ymdriniwyd â'r ymgysylltiad cyfyngedig a fu rhyngom dros yr ychydig fisoedd diwethaf.

Pan ysgrifennodd yr Archwilydd Cyffredinol atoch ar 30 Ebrill, nododd ein bwriad i ailsiapio'r rhaglenni gwaith oedd wedi eu cynllunio o'r blaen a chanolbwyntio ar effaith yr argyfwng presennol, o ran cadernid a ffurf gwasanaethau cyhoeddus yng Nghymru yn y dyfodol. Rwyf i yn awr yn ysgrifennu i roi mwy o gnawd ar yr esgryn hynny.

Gyda golwg ar y gyfres o asesiadau cynaladwyedd ariannol a gynhaliwyd yn ystod y flwyddyn archwilio ddiwethaf, mae pob un o'r rhain wedi cael ei gyhoeddi erbyn hyn gyda'r mwyafrif helaeth wedi eu cwblhau'n derfynol. Er mwyn cyflawnrwydd, rydym yn bwriadu cwblhau'r ychydig rai sy'n weddill o ran cywirdeb ffeithiol, ond rwyf yn sylweddoli bod y rhain bellach wedi'u gwreiddio'n ddwfn mewn cyfnod o amser sy'n prysur gael ei draddodi i hanes. O ganlyniad, rydym wedi penderfynu peidio â chyhoeddi sefyllfa gryno o ran Cymru gyfan gan na fyddai hyn yn berthnasol mwyach ac y byddai'n tynnu sylw oddi wrth yr heriau presennol. Yn hytrach, bwriadwn archwilio effaith ariannol y pandemig ar gyllidebau cynghorau a'u rhagolygon ariannol, yn ystod yr haf i ddechrau. Bydd hyn yn dilyn cyllideb atodol Llywodraeth Cymru ym mis Mai ac ar adeg pan fydd alldro'r chwarter cyntaf yn hysbys. Bydd hyn yn ein galluogi i greu darlun Cymru gyfan o'r rhagolygon ar gyfer cyllid llywodraeth leol yng Nghymru, fydd hefyd yn edrych i mewn i ganlyniadau a'r blaenoriaethau ar gyfer gweithredu. Mae ein staff wrthi'n trafod

Tudalen 1 o 2 - Rhaglen Waith Archwilio Perfformiad - please contact us in Welsh or English / cysylltwch â ni yn Gymraeg neu yn Saesneg.

hyn â Chymdeithas Llywodraeth Leol Cymru a Chymdeithas Trysoryddion Cymru ar hyn o bryd.

Rwy'n siŵr ein bod ni i gyd gyda'n gilydd yn awyddus i ganolbwyntio ar y dyfodol. Gyda hyn mewn golwg, ein bwriad yw defnyddio staff i gefnogi a herio'r ffordd y cynllunnir adferiad mewn amser real. Gyda'n gilydd, mae angen i ni gael sicrwydd y bydd yr adferiad yn talu'r sylw dyledus i'r llu o risgiau, ond y bydd hefyd yn cymryd gafael o'r cyfleoedd i gael dyfodol gwahanol a chynaliadwy. Rydym wedi penderfynu y bydd y gwaith hwn ar gynllunio adferiad yn cymryd lle'r gwaith ar y thema 'atal', a nodwyd gennym mewn cynlluniau archwilio.

Rydym yn deall bod pethau'n symud yn gyflym, a dyna pam yr ydym yn awyddus i nodi, rhannu a dysgu'n gyflym ar draws y gwasanaethau cyhoeddus drwy brosiect dysgu COVID-19, a ddisgrifiwyd gan Adrian yn ei lythyr. Nid yw hwn yn waith traddodiadol i sefydliad archwilio cyhoeddus, ond credwn y gallwn ychwanegu gwerth sylweddol, ac rydym yn ei weld yn ategu ein gwaith ar y meysydd 'tocynnau mawr', megis yr effaith ariannol a chynllunio adferiad, fel y disgrifiais.

Yn olaf, gwn y bydd yna brosiectau archwilio lleol, seiliedig ar risg, naill ai wedi'u cynllunio neu ar y gweill. Rwyf yn sylweddoli, o ystyried arwyddocâd a maint y meysydd ffocws a nodir uchod, mai ychydig o le fydd yna yn ein rhaglen archwilio i gynnwys y rhain. Bydd ein tîm archwilio lleol yn trafod unrhyw feysydd gwaith posibl y gallai fod yn fuddiol eu cadw.

Diolch i chi am eich parodrwydd i ymgysylltu'n adeiladol. Bydd ein tîm archwilio lleol yn cysylltu â chi i drafod y rhaglen waith ymhellach, a theimlwch yn rhydd, os gwelwch yn dda, i godi unrhyw faterion neu bryderon gyda hwy.

Dymuniadau gorau a diolch i bawb yn Cyngor Bwrdeistref Sirol Rhondda Cynon Taf.

Yn gywir



Huw Rees
Cyfarwyddwr Ymgysylltu

2020 Audit Plan – Rhondda Cynon Taf Pension Fund

Audit year: 2019/20

Date issued: June 2020

Document reference: 1913A2020-21

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.

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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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2020 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 RCTPF (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 My responsibilities, along with those of management and those charged with governance, are set out in **Appendix 1**.

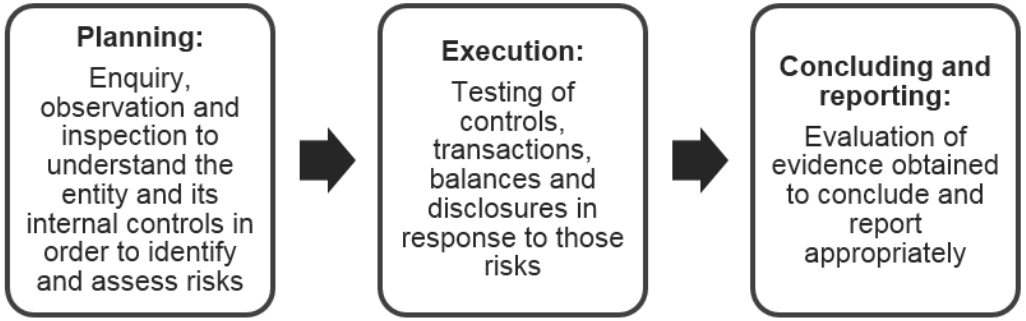
Impact of COVID-19

- 4 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on public bodies' preparation of the 2019-20 accounts and our audit work.
- 5 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, I understand that many bodies will not be able to prepare accounts in line with any previously agreed timetable. As well as the delivery of the Auditor General's statutory responsibilities, the priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 6 In response to the government advice and subsequent restrictions, Audit Wales staff have ceased on all on-site work at audited bodies and Audit Wales offices. Staff are working from home and will continue to make whatever progress they can whilst working and engaging with you remotely.
- 7 Consequently, this audit plan does not include any details in relation to completion of my audit work. My audit team will discuss a timetable with you once the current national emergency situation is over and the Pension Fund is in a position to prepare its accounts.
- 8 I commit to ensuring that my audit team's work will not have a detrimental impact on you at a time when public bodies are stretched and focused on more important matters.

Audit of Pension Fund accounts

- 9 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



10 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>Triennial Valuation The Pension Fund is currently finalising the valuation as at 31 March 2019 with the Actuary. There is a risk that the outcome of the valuation is not adequately disclosed in the financial statements.</p>	<p>My audit team will review the triennial valuation report and ensure that the outcomes have been adequately disclosed in the financial statements.</p>

Financial audit risks	Proposed audit response
Significant risks	
<p>McCloud Judgement</p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they accept that the judgement applies to all of the main public service pension schemes.</p> <ul style="list-style-type: none"> • The impact of the judgement is likely to have a significant impact on the IAS19 liabilities and there is a risk that this is not adequately disclosed in the financial statements. 	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the provision made by the actuary in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the Local Government Pension Scheme; and • ensure that this is adequately disclosed in the financial statements.
<p>Guaranteed Minimum Pension (GMP)</p> <p>GMPs were the minimum pensions employers had to provide when they opted their employees out of the State Earnings Related Pensions Scheme (SERPS) between 1978 and 1997, usually through a defined benefit scheme.</p> <p>GMPs were calculated by reference to state pension age which used to be 60 for women and 65 for men. That made pension payments unequal and contravened the 1990 Barbour judgement.</p> <p>The 2018 Lloyds Banking Group judgement has provided clarification on whether and how GMPs should be equalised and creates an obligation to equalise GMPs dating back to 1990.</p> <p>There is a risk that appropriate allowances are not made in 2019-20</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review any provision made by the actuary relating to the outstanding GMP issues and monitor progress on the development of guidance and clarification of the potential impact; and • ensure that this is adequately disclosed in the financial statements.

Financial audit risks	Proposed audit response
Significant risks	
pension liability calculations for the impact of GMPs.	
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency will see a significant delay in the preparation and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>My audit team will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. The audit team will help to identify areas where there may be gaps in arrangements.</p>

- 11 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 those charged with governance for Rhondda Cynon Taf Council (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 12 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.
- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed following the end of the COVID-19 national emergency, 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;
 - all appropriate officials will be available during the audit;

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

- 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;
- Internal Audit’s planned programme of work is complete, and management has responded to issues that may have affected the financial statements; and
- all information and assurances required from third parties can be obtained.

Statutory audit functions

- 14 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.
- 15 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.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

Fee

- 17 Your estimated fee for 2020 is set out in **Exhibit 3**. There have been some changes to my fee rate structure for 2020 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 2020 (£) ²	Actual fee for 2019 (£)
Audit of pension fund accounts	£39,385	£39,385

- 18 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 Director of Finance and Digital Services.
- 19 Further information on my [fee scales and fee setting](#) can be found on our website.

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

Audit team

20 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	02920320640	richard.harries@audit.wales
Mike Jones	Audit Manager	02920320649	mike.jones@audit.wales
Carwyn Rees	Audit Lead	02920829375	carwyn.rees@audit.wales

Timetable

- 21 My audit team will continue to undertake such remote work as is possible during the COVID-19 national emergency. However, as set out above, the audit team will not be in a position to agree a timetable with you until the COVID-19 national emergency has passed.
- 22 Therefore, I will report on a timetable for the audit work in due course.
- 23 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.

Future developments to my audit work

- 24 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

Audit Wales' 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

The Auditor General has reported on preparations in Wales for a 'no-deal Brexit', publishing a report in February 2019 and a follow-up letter to the External Affairs and Additional Legislation Committee in September 2019. At the time of reporting, there was a possibility that the UK would leave the EU without a Withdrawal Agreement in place (the no-deal scenario), which would potentially have had significant consequences for Welsh public services and the wider economy and society.

Following the general election, the United Kingdom seems set to leave membership of the European Union on 31 January 2020 under the terms of the Withdrawal Agreement concluded between the EU and UK in October 2019. The next phase will involve negotiating and agreeing the future relationship between the UK and EU.

There will be a transition period to 31 December 2020, during which the UK will continue to participate in EU programmes and follow EU regulations. The Withdrawal Agreement provides for the transition period to be extended by up to two years, with the agreement of the UK and EU. The deadline for agreeing to extend the transition period is 30 June 2020. The UK Government has said that it does not intend to extend the transition period.

Despite there being an agreement on the terms of withdrawal, there remain some significant uncertainties:

- Given the very tight timetable for reaching agreement, there is a possibility of the UK leaving the transition period at the end of 2020 without an agreement about the future relationship in place. In this scenario many of the issues previously identified around a 'no-deal Brexit', such as disruption to supply chains, would arise again.
- The UK Government's position of seeking a future relationship based on a free trade agreement (rather than a closer relationship aligned to the single market) has implications that are not yet clear but which create opportunities and risks for Wales' economy, society and environment.

- There are also significant unresolved constitutional questions around how powers in areas where devolved governments were directly applying EU law, such as regional development and agriculture, will be exercised across the UK after the transition period.

In light of these uncertainties, the Auditor General will continue to keep a watching brief over developments and will make a decision later in the year as to what, if any, further work is required to look at public bodies' preparations for either a new relationship or a no-trade deal exit from the transition period.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

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