



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 rhithwir o **Pwyllgor ARCHWILIO** yn cael ei gynnal ar
Dydd LLUN, 28AIN MEDI, 2020 am **5.00 PM**.

Caiff Aelodau nad ydyn nhw'n aelodau o'r pwyllgor ac aelodau o'r cyhoedd gyfrannu yn y cyfarfod ar faterion y cyfarfod er bydd y cais yn ôl doethineb y Cadeirydd. Gofynnwn i chi roi gwybod i Wasanaethau Democrataidd erbyn Dydd Iau, 24 Medi 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. PENODI CADEIRYDD

Penodi Cadeirydd y Pwyllgor Archwilio ar gyfer Blwyddyn 2020/21 y Cyngor.

3. PENODI IS-GADEIRYDD

Penodi Is-gadeirydd y Pwyllgor Archwilio ar gyfer Blwyddyn 2020/21 y Cyngor.

4. COFNODION

Derbyn cofnodion o gyfarfod blaenorol y Pwyllgor Archwilio a gafodd ei gynnal ar 20 Gorffennaf 2020.

3 - 12

5. MATERION BRYS

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 Cyngorydd K Jones, Y Cyngorydd G Caple, Y Cyngorydd A Cox,
Y Cyngorydd J Cullwick, Y Cyngorydd M Adams, Y Cyngorydd M Powell,
Y Cyngorydd G Davies, Y Cyngorydd M Norris, Y Cyngorydd Owen-Jones,
Y Cyngorydd S Rees, Y Cyngorydd S Powell, Y Cyngorydd R Yeo,
Y Cyngorydd L De Vet ac Y Cyngorydd J Harries

Aelod Lleyg – Mr C Jones



RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the virtual meeting of the Audit Committee held on
Monday, 20 July 2020 at 3.00 pm

Chair in Attendance – Mr R Hull

County Borough Councillors - Audit Committee Members in attendance:-

Councillor K Jones	Councillor G Caple
Councillor A Cox	Councillor M Fidler Jones
Councillor M Adams	Councillor M Powell
Councillor M Norris	Councillor D Owen-Jones
Councillor S Rees	Councillor S Powell
Councillor R Yeo	

Officers in attendance

Mr A Wilkins, Director of Legal Services
Mr C Hanagan, Service Director of Democratic Services & Communication
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services
Mr M Thomas, Head of the Regional Internal Audit Service
Ms L Cumpston, Group Audit Manager
Mr P Cushion, Head of Employee Relations
Ms S Davies, Head of Finance - Education and Financial Reporting
Ms J Morgan - Audit Wales
Mr C Rees - Audit Wales

52 Welcome and Apologies

The Chair welcomed attendees to the first virtual meeting of the Audit Committee and apologies for absence were received from County Borough Councillors J. Cullwick, G. Davies and G. Hughes.

53 Declaration of Interest

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

54 Minutes

It was **RESOLVED** to approve the minutes of the 3rd February 2020 as an accurate reflection of the meeting.

55 Matters Arising

In respect of Minute No. 47, one Member requested an update on the implementation of the 'formal' dispute process in place for individuals who have been issued with a Fixed Penalty Notice (FPN) to challenge the decision. Officers advised the Member that due to the coronavirus pandemic, the process

for following up agreed recommendations with Auditees had been temporarily suspended, however all recommendations would be followed up and feedback provided to members at the next Audit Committee meeting.

56 Change to the order of the Agenda

The Committee agreed that the agenda would be considered out of sequence as detailed in the minutes set out hereunder.

57 Draft Statements of Account for the Financial Year ended 31st March 2020

The Head of Finance: Education and Financial Reporting provided the Audit Committee with the opportunity to consider the certified draft Statements of Account for the 2019/20 financial year in respect of the Council, Rhondda Cynon Taf Pension Fund, Central South Consortium Joint Education Service Joint Committee, and the Annual Return for Llwydcoed Crematorium Joint Committee.

The Head of Finance informed Members that the Accounts and Audit (Wales) Regulations 2014 require the Responsible Financial Officer (for Rhondda Cynon Taf, the Director of Finance and Digital Services) to certify unaudited accounts by 15th June following financial year-end and that the regulations also include a provision whereby if the Responsible Financial Officer does not certify the draft accounts by 15th June, there is a requirement to publish immediately a statement setting out the reasons for non-compliance.

The Head of Finance went on to inform Members that the initial target date to prepare the draft Statement of Accounts of 31st May (to be audited by July) was re-set to mid-July to enable focus to be afforded to supporting key front line and essential support services to residents and businesses and to assessing the ongoing financial implications of Covid-19 on the Council. The Head of Finance added that in accordance with the above mentioned Accounts and Audit (Wales) Regulations, appropriate notices were published on the Council's website from the 15th June 2020; the Director of Finance and Digital Services certified the Council and Rhondda Cynon Taf Pension Fund Statements of Account on 14th July 2020; and set out the certification arrangements that had taken place for the Central South Consortium Joint Education Service Joint Committee and the Llwydcoed Crematorium Joint Committee

The Head of Finance drew Members attention to paragraph 5.1 of the report in respect of the role of Audit Committees in the approval process of a Council's Statement of Accounts, in line with the Local Government Measure 2011, and also to the Chartered Institute of Public Finance and Accountancy toolkit as set out in Appendix 5 of the report.

Referring to section 5.4.5 of the Council's draft Annual Governance Statement, one member sought clarity on the current position to secure funding for infrastructure repair costs, estimated to be in excess of £60Million across the County Borough, as a result of Storm Dennis. The Service Director – Finance and Improvement Services fed back that the information included within the Annual Governance Statement was an initial estimate, work to assess the damage to the Council's infrastructure is on-going and that dialogue was continuing with Welsh and UK Governments regarding funding, The Service Director went on to indicate that the Council has already secured initial Welsh Government funding, as part of its Emergency Financial Assistance Scheme, and submitted an insurance claim to the Council's insurers, and will continue to pursue all opportunities to secure the further necessary funding to address the

medium to long term impact of Storm Dennis. The Service Director added that where additional funding updates are approved, these will be incorporated into the Council's quarterly Performance Reports and reported to Cabinet and the Finance and Performance Scrutiny Committee.

With regard to the Rhondda Cynon Taf Pension Fund Statement of Accounts, one Member requested information on the outcome of the triennial valuation. The Service Director – Pensions, Procurement & Transactional Services confirmed that the triennial valuation process had been completed and contribution rates had been provided to the Fund Employers. It was confirmed that the overall 'funding level' has improved since the last triennial exercise.

The Audit Committee **RESOLVED:**

1. To consider the Council's certified draft Statement of Accounts for the financial year 2019/20;
2. To consider the Rhondda Cynon Taf Pension Fund certified draft Statement of Accounts for the financial year 2019/20;
3. To consider the Central South Consortium Joint Education Service Joint Committee certified draft Statement of Accounts for the financial year 2019/20;
4. To consider the Llwydcoed Crematorium Joint Committee certified draft Annual Return for the financial year 2019/20;
5. To consider the impact, if any, upon the Statements of Account and Annual Return of issues and audit reports brought before the Committee during the year; and
6. To note the impact of COVID 19 on progress of the proposed plans for earlier production and audit of the Statements of Account and Annual Return in accordance with the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2018.

58 Council Annual Governance Statement 2019/20

The Service Director – Finance and Improvement Services provided the Audit Committee with the Council's draft Annual Governance Statement for the 2019/20 financial year, which had been compiled in accordance with the requirements contained within the 'Delivering Good Governance in Local Government: Framework (2016)'.

The Service Director informed Members that based on the review undertaken of the Council's 2019/20 governance arrangements, it was considered that the arrangements had operated effectively, ensured business was properly conducted and publicly demonstrated the proper use of resources in the delivery of Corporate Plan priorities. The Service Director added that the review had also given regard to both the impact of Storm Dennis and the start of the coronavirus pandemic (COVID-19).

The Service Director went on to highlight for Members that should any relevant reports be provided to the Council from its External Regulators between this Committee and the date the 2019/20 Statement of Accounts are approved, 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. The Service Director added that in the event that any reports identify significant governance issues, they would be considered at a Special Meeting of the Audit Committee where the implications on the overall conclusion would be debated.

Members were referred to Appendix 1 of the report, where the draft 2019/20 Annual Governance Statement was set out.

One Member acknowledged that reports in respect of the action being taken by the Council as a result of COVID-19 had been provided to Council, Cabinet and the Overview and Scrutiny Committee, and suggested that further financial related updates should be subject to review by the Finance and Performance Scrutiny Committee. The Service Director – Finance and Improvement Services indicated that the Council's quarterly Performance Reports will provide updates on its financial and Corporate Plan performance during 2020/21 and be presented to both Cabinet and the Finance and Performance Scrutiny Committee for review.

(Note: County Borough Councillor M Powell wished to put on record that he voted against the approval of this item.)

The Audit Committee **RESOLVED:**

1. To critically review the Annual Governance Statement, 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; and
2. In the event that reports from relevant External Inspectors be provided to the Council before the Statement of Accounts are approved, to authorise the Director of Finance and Digital Services to include reference within the Annual Governance Statement.

59 Head of Internal Audit Annual Report 2019/20

The Head of the Regional Internal Audit Service provided the Audit Committee with his Annual Opinion, to inform the Audit Committee of the work and performance of Internal Audit for the financial year 2019/20.

The Head of the Regional Internal Audit Service informed the Audit Committee that the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2019/20 was considered to be 'Effective with a small number of areas identified for improvement'. Members were advised that no significant cross-cutting control issues were identified that would impact on the Council's overall control environment and the weaknesses identified are service specific.

The Head of the Regional Internal Audit Service continued by speaking of the client satisfaction questionnaires, which had a positive return rate and confirmed satisfaction with the audit approach. A number of comments from the survey were set out within the report for Members' consideration.

Members spoke positively of the report, commending the staff. One Member suggested that an independent process, outside of the Local Authority would be beneficial to gather client feedback. Another Member commented that it could be beneficial to engage professionally when putting together the survey, to avoid bias. Other Members of the Committee did not necessarily agree with this proposal.

The Head of the Regional Internal Audit Service indicated that the client feedback was one source of information out of a range of information that is

used to assess the performance of the service and included performance indicators, monitoring the implementation of recommendations made by Internal Audit and in-year discussions with Senior Management.

The Audit Committee **RESOLVED:**

1. To 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.

60 Audit Committee Annual Report 2019/20

The Service Director, Finance and Improvement Services provided the Audit Committee with 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'.

Members were informed that in order to discharge the responsibilities placed upon the Audit Committee, a detailed work-plan for 2019/20 had been compiled by the Chair of the Committee in consultation with the Service Director, Finance and Improvement Services and Head of the Regional Internal Audit Service. It was noted that a requirement for the Committee was to continue to focus its attention on core functions alongside further expanding the Committee's knowledge and understanding by receiving specific 'topics' and 'learning and development' areas.

The Service Director drew Members' attention to the findings of the self-assessment that had been carried out against the CIPFA Practical Guidance for Local Authorities and Police 2018 Edition. The Service Director concluded by stating that the Annual Report demonstrated the Audit Committee had discharged its responsibilities and the proposals for improvement that had been identified from the self-assessment would help further improve the arrangements in place.

(Note: At this point in proceedings, County Borough Councillor D. Owen-Jones left the meeting.)

The Audit Committee **RESOLVED:**

1. To review the report and self-assessment 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. To 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.

61 Whistleblowing Annual Report 2019/20

The Head of Employee Relations provided the Audit Committee with the Council's Annual Whistleblowing Report 2019/20, in accordance with its Terms of Reference, and to demonstrate compliance with the Prescribed Persons

(Reports on Disclosures of Information) Regulation 2017.

The Head of Employee Relations advised Members that there had been seven whistleblowing cases reported during the 2019/20 financial year, all had been fully investigated and, where appropriate, the necessary action had been taken.

A Member sought clarity on how the data compared to other local authorities as part of considering the Council's whistleblowing activity and outcomes. The Head of Employee Relations fed back that work on this area had not been undertaken to date to determine if meaningful comparisons could be made between local authorities and indicated that consideration would be given to this moving forward. The Head of Employee Relations added that it is difficult to fully ascertain how effective the Council's whistleblowing arrangements are in respect of awareness across all workers and whether all workers feel comfortable to report potential concerns, and noted that the current position of whistle-blowers coming forward during 2019/20 does indicate a general awareness and culture whereby staff are prepared to do so.

One Member questioned whether officers conduct a follow up with whistle-blowers to ensure they are comfortable in the work place and if external complaints are monitored. The Head of Employee Relations confirmed that in agreement with whistle-blowers, the Council works closely with them during and after the process and with regard to external complaints received, the Head of Employee Relations indicated that these are monitored and where the whistle-blower provides contact details, the Council engages with the individual.

One Member referred to the first disclosure in Table 1 of the report and requested clarity on whether the matter was also referred to the Police. The Head of Employee Relations fed back that the specific details of the whistleblowing investigation would be checked and feedback provided.

One Member commented that it would be useful to include dates within Table 1 noting the date of referral and date action was taken to present a fuller picture of activity during the year.

The Audit Committee **RESOLVED:**

1. To review and approve the Annual Report; and
2. To consider whether any changes or improvements to the current whistleblowing arrangements are required.

62 Interim Risk Based Internal Audit Plan 2020/2021

The Head of the Regional Internal Audit Service provided the Audit Committee with the Interim Risk Based Audit Plan for 2020/21, which had 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.

Members were reminded that the Draft Audit Plan for 2020/21 was due to be considered by the Audit Committee in April 2020, but the meeting was cancelled as a result of Covid-19. It was explained that as a result of the significant changes to the way the Council operates, it had been necessary to re-evaluate the original draft plan to develop an Interim Risk Based Plan for 2020/21. Referring to the Covid-19 pandemic, the Head of the Regional Internal Audit Service advised that the Interim Risk Based Plan would need to be flexible in

order to respond to changing circumstances and events that may occur, and have a lower level of coverage than normal and different emphasis.

Members were referred to Appendix 1 of the report, where the Interim Audit Plan was outlined.

One Member questioned whether all schools or specifically targeted schools would be subject to a self-evaluation and was advised that all primary schools must complete an evaluation annually.

The Chair took the opportunity to thank the Head of the Regional Internal Audit Service and the Group Audit Manager for the Interim Plan and the Audit Committee **RESOLVED:**

1. To review and approve the interim Internal Audit Plan for 2020/21; and
2. To 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.

63 Audit Wales - 2020 Audit Plan Rhondda Cynon Taf County Borough Council

Audit Wales provided the Audit Committee with the 2020 Audit Plan for Rhondda Cynon Taf County Borough Council.

Members were informed that due to the unprecedented impact caused by the Covid-19 pandemic, the Audit Plan 2020 had been revised to reflect learning from Covid-19 and recovery planning and it was acknowledged that it was more challenging for local authorities to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014.

Members were provided with a summary of the financial statement audit risks and noted that key risks for Rhondda Cynon Taf included the impacts of adverse weather, Covid-19 and the McCloud Judgement.

Members were referred to paragraph 16 of the report, Performance audit, and made aware of the updated Performance Audit Programme for 2020/21 to discharge the Auditor General's duties in relation to value for money, continuous improvement and sustainable development. It was noted that the programme included projects in relation to financial sustainability, recovery planning and Covid learning.

The Committee were informed that with regard to the timetabling of work, Audit Wales would continue to undertake work remotely where possible during the Covid-19 national emergency and would work collaboratively with officers to deliver timely pieces of work.

One Member requested clarity on the work of Audit Wales in relation to the impact of Storm Dennis on the Local Authority and whether the work of the community would be considered. Audit Wales fed back that information reported by the Council in respect of Storm Dennis and the invaluable contribution made by local communities would be considered where relevant to the audit programme for the year.

The Audit Committee **RESOLVED:**

1. To acknowledge the update.

64 Audit Wales - 2020 Audit Plan Rhondda Cynon Taf Pension Fund

Audit Wales provided the Audit Committee with the 2020 Audit Plan for the Rhondda Cynon Taf Pension Fund and outlined the financial audit risks which included the Triennial Valuation, the impact of Covid-19 and Guaranteed Minimum Pension.

One Member questioned whether there was opportunity for Audit Wales to assess the impact of Covid-19 in relation to the sharp decline in stocks and shares and the risks posed by climate change and investment in fossil fuels.

Audit Wales fed back that Covid-19 has had an unprecedented impact on stock markets across the world and went on to clarify that Audit Wales has a specific statutory duty in line with the Code of Practice to examine and certify whether the Rhondda Cynon Taf Pension Fund Statement of Accounts are true and fair as at 31st March 2020.

With regard to climate change and investment in fossil fuels, the Cabinet Member for Corporate Services advised that the Rhondda Cynon Taf Pension Fund has an agreed Investment Strategy Statement that is committed to carbon transition and reducing fossil fuel exposure, and that the transitioning process is on-going. The Cabinet Member added that the value of the Pension Fund as at March 2020 had decreased linked to the impact of Covid-19, and positively, since this time, the value of the Fund has started to recover.

The Audit Committee **RESOLVED:**

1. To acknowledge the update.

65 To consider passing the following under-mentioned Resolution:

It was **RESOLVED:** "That the press and public be excluded from the meeting under Section 100A(4) of the Local Government Act (as amended) for the following items of business on the grounds that it involves the likely disclosure of the exempt information as defined in paragraph 14 of Part 4 of the Schedule 12A of the Act".

66 Anti-fraud Annual Report 2019/20

The Service Director – Pensions, Procurement & Transactional Services outlined the progress made to date against the Anti-Fraud, Bribery & Corruption work programme for 2019/20 and provided a proposed work programme for 2020/21.

Members were also updated on the national picture, as provided through the public sector anti-fraud network, of increased fraudulent activity during the Covid-19 lockdown. Members were informed that the Council has taken necessary preventative steps to raise awareness around vigilance and appropriate sharing of intelligence across the anti-fraud network.

Following discussion, it was **RESOLVED:**

1. To acknowledge and review the outcomes of the anti-fraud work progress during 2019/20; and
2. To consider the proposed work to be undertaken in 2020/21 and provide

direction and guidance where necessary within the Terms of Reference of the Committee.

This meeting closed at 5.55 pm

**R Hull
Chairman.**

Tudalen wag