



## RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the virtual meeting of the Audit Committee held on Monday, 1 February 2021 at 5.00 pm

### County Borough Councillors:

Councillor G Davies	Councillor G Caple
Councillor K Jones	Councillor J Cullwick
Councillor M Adams	Councillor M Norris
Councillor D Owen-Jones	Councillor S Rees
Councillor S Powell	Councillor E Webster
Councillor R Yeo	Councillor L De Vet
Councillor J Harries	

**Lay Member:** Mr C Jones

### 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 D Powell, Director of Corporate Estates  
Mr D Williams, Head of Corporate Design  
Ms S Davies, Head of Finance  
Mr C Rees, Audit Wales

### 21 Welcome and Apology for Absence

The Chair welcomed attendees to the meeting and an apology for absence was received from County Borough Councillor M. Powell.

### 22 Declaration of Interest

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

### 23 Minutes

It was **RESOLVED** to approve the minutes of the 2<sup>nd</sup> November 2020 as an accurate reflection of the meeting.

### 24 Matters Arising

**Minute No. 16** – The Audit Committee resolved to refer the matter of school attendance and 6<sup>th</sup> form attendance to the Children and Young People Scrutiny Committee to consider in greater detail and receive feedback in due course.

### 25 Strategic Risk Register Update - Delivery of the 21st Century School Programme

The Service Director – Finance and Improvement Services provided brief

context to this item, noting that following approval of the 2019/20 Annual Governance Statement, one of the recommendations included within the document related to the need to strengthen Audit Committee's visibility of the Council's risk profile. The Service Director added that in line with this recommendation, a programme of Strategic Risk Register updates have been scheduled for reporting to the Audit Committee, with the Director of Corporate Estates and Head of Corporate Design attending this meeting to provide the Committee with information on *'Risk 23 - If projects are not delivered on time and/or on budget then this could impede the delivery and intended (positive) impact of the 21st Century Schools Band B Programme within the Council'*.

With the aid of a PowerPoint presentation, the Director of Corporate Estates and the Head of Corporate Design provided the Committee with a detailed overview of the risks and subsequent actions in place to ensure the successful delivery of the 21<sup>st</sup> Century Schools Programme.

During the presentation, the officers set out the governance and project management arrangements in place, and the range of officer experience and expertise within the Council. The Director of Corporate Estates informed Members that a robust process is in place to compile project business cases for consideration by Cabinet and, if approved, onward reporting to Welsh Government to secure necessary funding. The Director went on to inform Members of the project delivery phase, with each 21<sup>st</sup> Century Schools Project Team comprising officers from various areas of the Council such as Procurement, Drainage, Education, Legal and Energy/Maintenance. The Director added that depending on the project value, duration and complexity, various approaches were adopted including the use of external expertise.

Members were informed of the typical employer risks during project delivery and the mitigations in place to eliminate these risks, such as risk workshops, risk management tools, issue logs and a RAG (Red, Amber, Green) system to risk rate actions and progress. The Director of Corporate Estates also explained that project teams meet on a regular basis as part of managing project delivery and associated risks.

In addition to the PowerPoint presentation, Audit Committee were shown video footage of a 'walk-through' of the new Hirwaun Primary School, which was the first completed 21<sup>st</sup> Century Schools Band B project. The Director provided a running commentary to aid Members understanding and were informed that the next phase of the project would be to demolish the former building to create more external space for pupils.

The Chair thanked the officers for the detailed presentation and acknowledged the amount of work undertaken to mitigate risks and ensure successful project delivery.

The Chair requested clarity on if there was one significant risk associated with the delivery of the 21<sup>st</sup> Century School Programme, which would be critical to successful project delivery. The Director fed back the importance of an effective and robust procurement process to determine the most suitable contractor, in line with the tender criteria, and also the importance of setting out clear 'project scopes' from the outset.

A Member raised concerns in respect of the potential for hidden defects on projects, that had occurred on previous projects, and could result in long-term

cost implications to the Council. The Director acknowledged the Member's concerns and explained that the issues previously encountered were as a result of a main contractor going into administration and the Director of Corporate Estates assured Members that appropriate arrangements are put in place to mitigate and protect the Council from such situations, as far as is reasonably practicable. The Director added that as part of the overall arrangements, an Aftercare Team is in place to ensure defects are identified and rectified. The Member requested that the Director provide confirmation to Audit Committee of the process in place to mitigate future defect issues arising from projects, to which the Director agreed.

Another Member questioned why there was a lack of storage space in new buildings, compared to former buildings. The Director of Corporate Estates informed Members that the design and construction of buildings funded in whole or part by Welsh Government are required to comply with specific regulations as set out in Building Bulletin 98 and Building Bulletin 99, with these covering amongst other things storage space requirements. The Director added that the Council ensures compliance with these requirements.

One Member sought clarity on the time afforded to public consultation, acknowledging that the 21<sup>st</sup> Century Schools Programme is of great public interest. The Director of Corporate Estates explained that statutory consultation is undertaken by the Council's Education and Inclusion Services Directorate as part of the planning process for 21<sup>st</sup> Century School projects, with the Council having a track record of successfully undertaking public consultation and taking into account public feedback as part of these processes.

The Chair again took the opportunity to thank the officers for their time and commented that the 21<sup>st</sup> Century School Programme provides fantastic facilities for the young people of RCT.

## **26 Audit Wales - Management Letter 2019-2020**

Audit Wales provided the Audit Committee with its Management Letter for the audit of Rhondda Cynon Taf County Borough Council's 2019/20 Statement of Accounts. Members were informed that the report before them was an addendum to the Audit of Accounts report, which was presented to Council on the 25<sup>th</sup> November 2020.

The report set out the following recommendations to improve procedures, which had arisen from the audit of the 2019/20 Accounts:

- Confirmation of Interests for Members and Senior Officers who are leaving the Council; and
- Incomplete Declarations of Interests for Members.

Audit Wales noted that, overall, the findings were positive and took the opportunity to thank the Council's Final Accounts Team for their work and co-operation during the challenging year.

The Service Director – Finance and Improvement Services confirmed that the Audit Wales recommendations had been reviewed and accepted by the Council's Management, and will further reinforce the robust arrangements already in place.

One Member noted that the process of declaring an interest is subject to the

individual Member's opinion on whether it is pertinent and questioned how Members could be supported in this regard. The Service Director – Finance and Improvement Services indicated that the Council's Legal Services Directorate provide guidance to elected Members in this area and where there is uncertainty, Members should seek advice.

One Member noted the requirement for Elected Members to update any changes to their declarations of personal interests, for inclusion in the public Register of Members' Interests, within 28 days of any change and questioned the implications of a Member not complying. The Director for Legal Services commented that it is incumbent on the Member to update any declarations in accordance with the timescales and explained that should a Member not do so they risk the matter being referred by any individual or body to the Public Services Ombudsman For Wales for investigation.

The Chair thanked Audit Wales for the update and was pleased to note the positive audit, despite the challenges presented through the year.

## **27 Internal Audit Performance (incorporating an update in respect of the Regional Audit Service)**

The Group Audit Manager presented the Internal Audit Performance as at 18<sup>th</sup> January 2021.

The Group Audit Manager spoke of the additional pressures placed upon Council services through the financial year, as a result of the Covid-19 pandemic, and explained that the Internal Audit Service had adopted a flexible approach and adapted to new ways of working that included the use of Microsoft Teams and reviewing documents digitally to undertake audit testing and obtain assurance. The Group Audit Manager added that there are currently a number of audit assignments 'in progress' and some audits are taking longer to complete as a result of the challenges posed by the pandemic and the on-going development of new ways of working.

The Group Audit Manager went on to highlight the unprecedented challenges the pandemic had had on the Internal Audit Service. Members were informed that one team member had been seconded to work within the Track, Trace Protect Team and a further two staff members had been absent from work for a significant part of the year due to long term sickness. The Group Audit Manager added that despite the unprecedented challenges, good progress was being made to deliver the Audit Plan and additional external capacity had been secured to undertake a small number of audits.

The Group Audit Manager spoke of the new audit software system (MK Insight), which had been procured for the Regional Service and would become operational in April 2021. It was explained that whilst the system was already in place for Rhondda Cynon Taf Council audits, it would allow for a more consistent approach across the Regional Audit Service.

It was reported that the Internal Audit Plan currently includes 27 individual audit assignments and that 6 had been completed to final report stage, 5 had been completed to draft report stage, 1 was awaiting manager review and a further 13 audit assignments were in progress. The remaining 2 are still in the planning process.

One Member took the opportunity to thank officers and acknowledged the challenges placed upon the service as a result of the pandemic.

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

## **28 2019/20 Annual Governance Statement Recommendations - Progress Update**

The Service Director – Finance and Improvement Services provided the Audit Committee with an update on the status of the recommendations within the 2019/20 Annual Governance Statement. Members were reminded that the Annual Governance Statement relating to the 2019/20 financial year was reported to and approved by Audit Committee at its meeting held on 20<sup>th</sup> July 2020.

The Service Director referred Members to the 4 recommendations detailed at Appendix A of the report and provided a progress update on each.

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

## **29 Audit Committee Development and Support**

The Service Director – Finance and Improvement Services provided the Audit Committee with the report setting out the questionnaire feedback of Audit Committee Members to inform the development of a learning and development plan for the Committee.

The Service Director reminded Members of the decision to approve an action plan to support the ongoing development and effectiveness of the Committee, at its last meeting held on 2<sup>nd</sup> November 2020. Members were informed that following the last meeting, officers had engaged with the Chair and Vice-Chair of the Audit Committee to develop a training needs analysis questionnaire that took account of both the CIPFA publication 'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition' and the Committee's Terms of Reference.

The Service Director drew Members' attention to Appendix 1 of the report, which detailed the feedback received from twelve Members following their completion of an on-line training needs analysis questionnaire, which had been made available to Audit Committee Members between 23<sup>rd</sup> December 2020 and 15<sup>th</sup> January 2021.

The Service Director noted that the feedback provided by Members indicated an overall sound base of knowledge and experience, and also areas for learning and development covering:

- Audit Committee Role and Functions;
- Internal Audit;
- External Audit;
- Financial Management and Accounting;

- Risk Management;
- Counter Fraud; and
- Values of Good Governance.

The Service Director advised that subject to the Committee's approval, Officers would draft a learning and development plan for consideration at the next meeting of the Audit Committee. It was explained that officers would be flexible with the programme and consider whether elements of the training would be delivered internally or externally and dependent on Member needs, consider whether to deliver elements of the training in short summarised sessions, detailed overviews or one to one support sessions.

One Member proposed that it would be beneficial for training on areas such as Financial Management and Accounting, Risk Management, Counter Fraud, and Values of Good Governance to be open to the Finance and Performance Scrutiny Committee for good practice, to which the Service Director agreed.

The Audit Committee **RESOLVED** to approve the areas for learning and development and instruct officers to draft a learning and development plan for consideration by Audit Committee at its next meeting.

**This meeting closed at 6.10 pm**

**Councillor G Davies  
Chairman.**