



RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the virtual meeting of the Audit Committee held on Monday, 26 April 2021 at 5.00 pm

County Borough Councillors:

Councillor G Davies Councillor M Adams
Councillor D Owen-Jones Councillor S Rees
Councillor E Webster Councillor R Yeo
Councillor L De Vet

Lay Member in attendance:- Mr C Jones

Officers in attendance:-

Mr A Wilkins, Director of Legal Services
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr M Thomas, Head of Regional Audit Service
Ms L Cumpston, Group Audit Manager
Ms S Davies, Head of Finance
Mr P Cushion, Head of Employee Relations

Others in attendance:-

Carwyn Rees – Audit Wales
Sara-Jane Byrne – Audit Wales
Anwen Worthy – Audit Wales
Amy Marshal – Audit Wales

40 **Welcome and Apologies for Absence**

The Chair welcomed attendees to the meeting and apologies for absence were received from County Borough Councillors G. Caple, J. Cullwick, M. Norris, M. Powell, J. Harries and S. Powell.

41 **Declaration of Interest**

In accordance with the Council's Code of Conduct, Lay Person, Mr C Jones declared the following personal interest in relation to Item 8 of the agenda: *'The report makes reference to the progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act. I am a Trustee Director of the Safer Merthyr Trust, which receives support from Rhondda Cynon Taf County Borough Council.'*

42 **Minutes**

It was **RESOLVED** to approve the minutes of the 22nd March 2021 as an accurate reflection of the meeting.

43 Matters Arising

Minute No. 34 - The Chair confirmed that a letter of congratulations had been sent on behalf of the Audit Committee to the recipient of the National Career Leader of the Year.

44 Audit Wales - 2021 Audit Plan Rhondda Cynon Taf County Borough Council

Audit Wales provided the Audit Committee with an update on the progress of the 2021 Audit Plan for Rhondda Cynon Taf County Borough Council. The report set out the planned work for the 2021 year and the responsibilities of Audit Wales in terms of the Auditor General.

Members were provided with a summary of the financial statement audit risks and noted that key risks for Rhondda Cynon Taf included the ongoing uncertainties around the impact of Covid-19 and the potential compromise to the quality of accounts due to resource availability and time issues; along with the risks associated with the various funding streams made available to the Local Authority from Welsh Government. Other areas identified included the risk of management override; the financial and delivery risks associated with the Cardiff Capital Region City Deal; and the McCloud Judgement. Members noted that the risks identified were applicable to the whole sector, as oppose to Rhondda Cynon Taf itself.

Members were then provided with a summary of the following projects, which had been identified in the Performance Audit Programme for 2021-22:

- Wellbeing of Future Generation Act (Wales) 2015 Examinations;
- Improvement Reporting Audit;
- Assurance and Risk Assessment;
- Thematic Work – Springing Forward and Examining the Building Blocks for a Sustainable Future; and
- Local Work to be determined and discussed with the Council

Referring to Exhibit 2 of the report, one Member questioned whether the term 'leases' included land assets. Audit Wales advised that the main impact would be on short term/operating leases but explained that where there is land attached to building leases, it would be included under the scope of the standards.

Referring to the planned work in respect of the Wellbeing of Future Generation Act (Wales) 2015, one Member acknowledged its wide remit and sought further details of the areas the project would cover. Audit Wales advised that previous work in relation to the Act had varied between Local Authorities, dependent on the specific areas considered. However, the project identified within the 2021-22 Programme would be integrated and would look at each of the bodies' consideration of their requirements of the Act within all pieces of work.

In respect of the risk identified in relation to the Cardiff Capital Region City Deal, one Member questioned why it was HM Treasury, which had undertaken a review to scrutinise the effectiveness of the Region's governance arrangements, and not the Welsh Government. Audit Wales explained that the review had been undertaken as in addition to Local Authorities and the Welsh Government, HM Treasury had contributed a large investment into the City Deal.

The Audit Committee **RESOLVED:**

1. To acknowledge the update.

45 Audit Wales - 2021 Audit Plan Rhondda Cynon Taf Pension Fund

Audit Wales provided the Audit Committee with the 2021 Audit Plan for the Rhondda Cynon Taf Pension Fund and outlined the financial audit risks which included the impact of Covid-19, the risk of management override and Investment Movements.

The Chair thanked Audit Wales for the update and the Audit Committee

RESOLVED:

1. To acknowledge the update.

46 Finalised Audit Assignments

The Group Audit Manager summarised the audit assignment completed between 10th March 2021 and 13th April 2021, namely, Refunds & Reimbursements.

The Group Audit Manager confirmed that following the audit assignment, it was the opinion of Audit that the overall control environment in relation to the processing of Refunds & Reimbursements had been effective, despite the challenges presented as a result of the pandemic. Members were informed that all three of the service areas examined had provided guidance to customers / members of the public in respect of the process for claiming refunds; and had all also introduced appropriate processes to allow all refunds and reimbursements to be issued in a timely manner.

Members were advised that a further seven audit assignments were currently at draft report stage with an additional seven in progress, which would be reported to Committee in due course.

Members praised the findings of the Audit Assignment and it was **RESOLVED** to acknowledge the summary of audit assignments completed between 10th March 2021 and 13th April 2021 relating to Refunds & Reimbursements.

47 Whistleblowing Annual Report 2020/21

The Head of Employee Relations presented to the Audit Committee an updated Whistleblowing Policy & Procedure and Whistleblowing Annual Report 2020/21 in accordance with the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017 (the '2017 Regulation').

The officer advised that at its meeting held on 20th July 2020, the Audit Committee agreed for a complete review of the Whistleblowing Policy to be undertaken and the outcome reported to Audit Committee during 2020/21. Members were informed that a review of the document had since been undertaken and it had been concluded that the document is fit for purpose subject to the inclusion of the following proposed update at Section 5.1:

- *Any allegation made that could be deemed as an offence of a criminal nature (e.g. using a phone whilst driving), may be forwarded to the police for a decision on whether any further action may be taken.*

The officer advised that, subject to Audit Committee's approval, an updated

Whistleblowing Policy & Procedure would be published on the Council's website and awareness raising undertaken across Council Services. Furthermore, the Whistleblowing Policy & Procedure would be kept under on-going review and where further updates are proposed, these will be reported to Audit Committee's consideration.

Members were then referred to the Whistleblowing Annual Report for the 2020-21 Municipal Year, which was attached at Appendix 2 to the report. The officer assured Members that all whistleblowing referrals had been fully investigated, and where appropriate, necessary action had been undertaken.

One Member emphasised the importance of ensuring all staff are made aware of the proposed amendment to the Whistleblowing Policy and questioned how it would be communicated. The officer advised that, if approved, the revised Policy would be sent to all staff and Members via a payslip insert, a method which had successfully been utilised in the 2019, along with the use of posters and staff/management inductions.

One Member noted that concerns or allegations that fall within the scope of specific procedures (for example, child protection or discrimination issues) would normally be referred for consideration under those procedures and questioned how the process is recorded. The officer explained that such allegations would be recorded within the appropriate Whistleblowing process and would be included within the Annual Report.

Another Member sought clarity on the Whistleblowing process and how malicious allegations are dealt with. The officer acknowledged that allegations of a malicious nature are received and advised that, in the first instance, an allegation would be referred to the specific service area for the manager to establish whether a formal investigation would need to be undertaken. The officer assured the Committee that each allegation is considered on its own merit, which then determines the level of action taken.

The Audit Committee **RESOLVED:**

1. To approve the proposed update to the Council's Whistleblowing Policy & Procedure (Appendix 1) and instruct the Director of Human Resources to publish and raise awareness of the updated document;
2. To approve the Whistleblowing Annual Report 2020/21 (Appendix 2) in line with the requirements placed upon the Council by the 2017 Regulation; and
3. To consider whether any other changes or improvements to the current whistleblowing arrangements are required.

48 The Local Government & Elections (Wales) Act 2021 - Update

The Director of Legal Services provided the Audit Committee with the report, which sought to summarise the various elements of the Local Government & Elections (Wales) Act 2021, which received Royal Assent on the 20th January 2021, with specific reference to those provisions which affect the terms of reference including functions and responsibilities of the Audit Committee.

The Director advised that amongst the various other provisions of the Act, Part 6 deals with the performance and governance of Principal Councils including enhancing the remit and role of the Audit Committee. Members were referred to Section 7 of the report which outlined in detail the changes to the name,

membership, and terms of reference (including functions and responsibilities) of the Committee moving into the new 2021-2022 Municipal Year and beyond.

One Member noted that as of 5th May 2022, two thirds of the members of a Governance and Audit Committee must be Members of the Local Authority and one third must be Lay Persons. The Member raised concerns about the accountability of the Lay Persons and questioned how they would be selected. The Director advised that there was an application process for the appointment of Lay Persons, which had previously been undertaken, involving a set criteria, a role description, an appointment panel and further ratification by Council. However, the process would be a matter for Council to determine. The Legal Officer explained that the only stipulation of the Act was that the membership must consist of one third Lay Persons. The Head of the Regional Internal Audit Service added that there was a possibility of the WLGA co-ordinating the recruitment process with draft job descriptions for the Chair and Vice-Chair being drafted to support Local Authorities in recruiting Members with the correct set of skills.

Referring to Section 7.6 of the report, one Member queried the definition of an assistant to the Executive. The Director advised that this was a new provision within the Act, which is essentially a Deputy Cabinet Member role. Following Members' queries, the Director explained that the role of 'Deputy Cabinet Member' had previously been introduced as part of an IRP recommendation but due to a lack of take up from the 22 Local Authorities, the role had been removed.

The Chair thanked the Director for the informative presentation and the Audit Committee **RESOLVED:**

1. To note the update provided in the report in respect of the coming into force of the Local Government & Elections (Wales) Act 2021; and
2. To note the relevant changes to the name, membership and terms of reference of the Committee, as detailed in the report, required by the Local Government & Elections (Wales) Act 2021.

49 Audit Wales - Annual Audit Summary 2020 - Update

The Service Director of Performance and Improvement provided the Audit Committee with the opportunity to consider the Audit Wales 'Annual Audit Summary 2020', which had been presented to Council on 10 March 2021, and the progress made to date by the Council in implementing proposals for improvement.

The Service Director drew Members' attention to Section 4 of the report, which summarised the published reports covered by the Audit Wales published between September 2019 and January 2021. Detailed within the table were four reports specifically relating to RCT, none of which had recommendations for improvement. This clearly demonstrated to Members the positive position RCT were in.

In respect of the Audit of Rhondda Cynon Taf County Borough Council's 2019-20 Accounts, the Service Director advised that a separate management letter, which set out specific recommendations, had been issued and considered by the Audit Committee in February 2021. Members were advised that the recommendations had been accepted by management and

would be implemented in a timely manner.

Members attention was then drawn to the two reviews undertaken by other Inspectorates, namely Estyn and Care Inspectorate Wales. The Service Director advised that the findings had been accepted and were being used to inform service planning and delivery arrangements across the two areas.

Lastly, in relation to the National Studies for local consideration, the Service Director reported that the recommendations had been considered by Council Services, agreed in principle and where relevant to Rhondda Cynon Taf, would be taken account of as part of service planning and delivery.

The Chair thanked the Service Director for the update and the Audit Committee

RESOLVED:

1. To consider whether there are any matters of a governance, internal control or risk management nature that require further action or attention by Audit Committee; and
2. To consider whether there are any matters of a performance nature that require review by the Council's scrutiny committees.

This meeting closed at 6.05 pm

**Councillor G Davies
Chairman.**