



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: Yula Kampouropoulou - Council Business Unit, Democratic Services
(07747485569)

DYMA WŶS I CHI i gyfarfod Hybrid o **Pwyllgor LLYWODRAETHU AC ARCHWILIO** ar **Dydd LLUN, 18FED GORFFENNAF, 2022** 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, 14 Gorffennaf 2022 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 Gynghorwyr, yn unol â gofynion Cod Ymddygiad y Cyngor.

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 Llywodraethu ac Archwilio a gafodd ei gynnal ar 23 Mawrth 2022.

5 - 12

3. PENODI CADEIRYDD

Penodi Aelod Lleyg yn Gadeirydd y Pwyllgor Llywodraethu ac Archwilio ar gyfer Blwyddyn y Cyngor (2022/23) yn unol â gofynion Deddf Llywodraeth Leol ac Etholiadau (Cymru) 2021.

4. PENODI IS-GADEIRYDD

Penodi Is-gadeirydd y Pwyllgor Llywodraethu ac Archwilio ar gyfer blwyddyn 2022/23 y Cyngor.

5. ARCHWILIO CYMRU – CYNLLUN ARCHWILIO 2022 – CYNGOR BWRDEISTREF SIROL RHONDDA CYNON TAF

13 - 30

6. ARCHWILIO CYMRU – CYNLLUN ARCHWILIO 2022 – CRONFA BENSIWN RHONDDA CYNON TAF

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7. ADRODDIAD BLYNYDDOL Y PENNAETH ARCHWILIO MEWNOL 2021/22

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8. DATGANIAD LLYWODRAETHU BLYNYDDOL Y CYNGOR 2021/22

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9. SIARTER ARCHWILIO MEWNOL 2022/23

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10. ADRODDIAD ARCHWILIO MEWNOL BLYNYDDOL 2022/23

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11. MATERION BRYG

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

Cyfarwyddwr Gwasanaeth y Gwasanaethau Democraidd a Chyfathrebu

Cylchreliad:-

Y Cynghorwyr Bwrdeistref Sirol:

Y Cynghorydd T Burnell, Y Cynghorydd G Hopkins, Y Cynghorydd M Maohoub,
Y Cynghorydd S Rees, Y Cynghorydd B. Stephens and
Y Cynghorydd L A Tomkinson

Aelod Lleyg:

Mr C Jones
Mr M Jehu
Mr Roszkowski

Tudalen wag

RHONDDA CYNON TAF COUNCIL GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting of the Governance and Audit Committee held on Wednesday, 23 March 2022 at 5.00 pm.

Chair in attendance: - Mr C Jones

County Borough Councillors:

Councillor K Jones	Councillor M Adams
Councillor J Barton	Councillor J Cullwick
Councillor D Owen-Jones	Councillor S Rees
Councillor S Trask	Councillor E Webster
Councillor R Williams	

Officers in attendance: -

Mr A Wilkins, Director of Legal Services & Monitoring Officer
Mr I Traylor, Service Director, Pensions, Procurement, & Transactional Services
Mr P Griffiths, Service Director, Finance & Improvement Services
Ms S Jayne-Byrne, Performance Audit Manager (Audit Wales)
Mr P Cushion, Head of Employee Relations
Ms L Cumpston, Audit Manager
Marc Crumbie – Head of Procurement

Lay Members: -

Mr J Roszkowski
Mr J Mehu

47 WELCOME AND APOLOGIES

The Chair welcomed the attendees to the virtual meeting of the Governance and Audit Committee with a particular welcome to the new Lay Members. Apologies of absence were received from County Borough Councillors J Edwards, M Griffiths, M Norris, and G Davies.

48 DECLARATION OF INTEREST

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

49 MINUTES

It was **RESOLVED** to approve the minutes of the 7th February 2022 as an accurate reflection of the meeting.

PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2021/22

The Audit Manager provided a brief overview on the position statement of progress made against the audit work included and approved within the Internal Audit Risk Based Plan 2021/22.

Members were informed that of the 31 audit assignments where a report has been issued, 1 was undertaken on a consultancy basis, 27 had final reports issued and 3 reports were at draft stage. The Audit Manager went on to update Members that a further 6 assignments were awaiting management review, 5 assignments were at the fieldwork stage and 11 assignments were at the audit fieldwork scoping stage. The Audit Manager added that an updated position statement will be reported to the next Governance and Audit Committee meeting.

Members were also informed of the 3 audit assignments where the audit opinion reported was 'limited assurance' and the Audit Manager informed Members that all recommendations reported by Internal Audit had been agreed to be implemented by management and follow-up reviews will be incorporated into the 2022/23 audit plan.

Members were directed to Appendix A of the report which highlighted the details of each planned review, the audit opinion, and the number of high, medium or low priority recommendations made to improve the internal audit control, governance and risk management environment. The Audit Manager informed Members that, to date, 96 recommendations had been made and the status of these will be reviewed on an ongoing basis to ensure they are implemented.

The Chair thanked the Audit Manager for the detailed report and referred to Members for questions.

One Member raised concern surrounding the Fostering and Adoption payments and the potential for disruption particularly in light of recent foster carer recruitment issues. The Member highlighted the importance of foster carers within the community and ensuring fostering and adoption payments are made on time, and requested reassurance around there being no adverse impact on service delivery.

The Audit Manager advised that the Council's Adoption & Foster Carer Service forms part of the Valleys, Vale and Cardiff (VVC) collaborative with Rhondda Cynon Taf Council (RCT). Under these arrangements RCT has responsibility for deciding whether a child needs to be adopted, for completing the financial assessment calculation and for subsequent payments. The VVC are responsible for carrying out the child's assessment of support, matching them with a family and assessing the financial support which will be necessary. During the review it was identified that there were gaps in the policy framework for sharing information between partners, a need for information to be shared on a timely basis and a regular process for the review and re-assessment of payments made, especially where care plans are being extended or amended. The review process also ensures that payment calculations are accurate and in line with care plans and need to be undertaken independently. The Audit Manager confirmed that the audit assignment did not identify any adverse impact in respect of service delivery and fed back that management has agreed to the implementation of the recommendations contained within the Final Report, and these recommendations will be monitored to ensure they are implemented in accordance with the agreed timescales included within the Management

Implementation Plan. A follow up review will also be undertaken in 2022/23 to ensure that all recommendations have been fully implemented.

Mr M Jehu raised a query surrounding the 6 recommendations in respect of the Ty Gwyn Pupil Referral Unit and whether there were any safety concerns identified.

The Audit Manager advised that when establishment-based audit visits are undertaken, the areas examined include, for example, School Private Fund, Purchasing Card, Governance and Safeguarding. When providing assurance on the area of Safeguarding, auditors carry out a testing programme to check that all staff are appropriately trained in safeguarding, there are up to date policies in place which are known to all staff and are subject to regular review by the Governing Body, and staff have been subject to appropriate pre-employment checks before commencing in post. The assurance and audit opinion provided by Internal Audit relates to the internal control environment, the audit opinion based on an evidence-based review of appropriate documentation and supporting documents to confirm compliance with Safeguarding Policies; the Audit Manager confirmed that the audit assignment did not identify safeguarding safety concerns in this regard. The Audit Manager added that the priority rating of all findings is reported to the Governance and Audit Committee throughout the year in accordance with progress against the audit plan.

Following discussions, the Governance and Audit Committee **RESOLVED:**

- To consider the content of the report and progress made against the Internal Audit Risk Based Plan 2021/22.

51 WHISTLE BLOWING ANNUAL REPORT 2021/22

The Head of Employee Relations provided a brief overview of the Annual Whistleblowing Report 2021/22 in accordance with the Prescribed Persons Regulation 2017.

The Head of Employee Relations referred Members to Section 4.1 of the covering report, that noted the instruction from the 26th April 2021 Audit Committee for the Director of Human Resources to publish and raise awareness of the updated Whistleblowing Policy and Procedure. The Head of Employee Relations provided confirmation to the Committee that a Council wide email / notification was circulated to Council Staff and published on the Council's website, and that whistleblowing continues to form part of the Council's induction process.

The Head of Employee Relations went on to refer Members to Appendix 1, the Whistleblowing Annual Report 2021/22, which clarified the purpose of the Whistleblowing Policy and Procedure together with the processes to be followed when raising a concern. The Head of Employee Relations informed Members that the Whistleblowing Policy and Procedure will be kept under on-going review and any updates proposed will be reported to the Governance and Audit Committee for consideration and, if deemed appropriate, approval.

Members were then directed to Section 4 / Table 1 of the report that set out the disclosures raised under the Policy during 2021/22 and the actions taken, and

were informed that all occasions of whistleblowing referrals have been investigated and where appropriate necessary actions have been taken. The Head of Employee Relations fed back that based on the action taken during 2021/22, as set out in the Annual Report, the Director of Human Resources has concluded that the Council's whistleblowing arrangements were appropriate.

The Chair fed back that the awareness raising work undertaken was reassuring and the position that referrals are being made and thoroughly investigated demonstrated an awareness of the Policy and its effectiveness.

The Head of Employee Relations added that moving forward opportunities will be explored to utilise the Council's new HR / Payroll system for awareness raising of the Policy to continue to support the Council's proactive work in this area.

A Member raised a query in respect of the whistleblowing activity on community recycling centres and whether there has been further progress since January. The Head of Employee Relations advised that investigations have now been completed and some members of staff have either resigned or have left the Council.

Following discussions, the Governance and Audit Committee **RESOLVED:**

- To approve the Whistleblowing Annual report 2021/22 in line with requirements placed upon the Council by the 2017 regulations.

52 GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2021/22

The Service Director – Finance and Improvement Services presented the Governance and Audit Committee Annual Report 2021/22 together with a self-assessment against the Chartered Institute of Public Finance and Accountancy publication 'Audit Committees – Practical Guidance for Local Authorities and Police 2028 Edition'.

The Service Director provided an overview of the work delivered by the Governance and Audit Committee in 2021/22, in line with its agreed work programme, and concluded that based on the work undertaken, the Governance and Audit Committee has delivered its Terms of Reference.

The Service Director – Finance and Improvement Services went on to provide an overview of the self-assessment against the Chartered Institute of Public Finance and Accountancy publication 'Audit Committees – Practical Guidance for Local Authorities and Police 2028 Edition', at section 3 of the report, and informed Members that good progress had been made to implement proposals for improvement reported in 2020/21. The Service Director added that the 2021/22 self-assessment process has identified 2 areas for improvement to further support and reinforce existing arrangements, these being to refresh the training needs assessment to inform a new learning and development plan for the Committee for 2022/23 and develop a library of on-line learning material, with these areas to be progressed in 2022/23 subject to agreement of the Committee.

The Governance and Audit Committee **RESOLVED:**

- To review the Annual Report and Self-assessment, and determined the Annual report forms a balanced summary of the work undertaken by the Governance and Audit Committee during 2021/22.
- To approve the Governance and Audit Committee Annual Report 2021/22 and its presentation to full Council.

53 RISK MANAGEMENT STRATEGY UPDATE

The Head of Procurement provided Members with an update on the draft Risk Management Strategy and informed the Committee that the Strategy has been in place since 2014, with the aim of setting out the overall purpose and framework for risk management within the organisation, and contains 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.

The Head of Procurement went on to inform Members that the Council's 2020/21 Annual Governance Statement contained a recommendation for the Risk Management Strategy to be reviewed and updated, taking into account the findings and recommendations reported within the Internal Audit Report 'Risk Management', and provided confirmation to the Committee that this recommendation has been completed as set out in Section 4 of the covering report. The Head of Procurement added that the updated draft Risk Management Strategy is set out for the Committee's consideration at Appendix A.

The Chair was pleased with the comprehensive report and with specific regard to the updates incorporated within the draft Strategy, commented that setting out the Council's risk appetite will help to further reinforce risk management arrangements.

The Governance and Audit Committee **RESOLVED:**

- To review and provide feedback on the updated draft Risk Management Strategy
- To endorse an updated draft Risk Management Strategy and its reporting to Cabinet for consideration and if deemed appropriate, for approval.

54 COUNCIL PROGRESS UPDATE: AUDIT WALES ANNUAL AUDIT SUMMARY 2020 AND ANNUAL AUDIT SUMMARY 2021

The Service Director – Finance and Improvement Services presented the report which provided Members with progress updates on the implementation of proposals for improvement that have been reported within the Audit Wales 2020 and 2021 Annual Audit Summaries. Members were advised that the 2021 Annual Audit Summary was presented by Audit Wales to full Council in January 2022.

With regard to the 2020 Annual Audit Summary, the Service Director fed back

that three progress updates have been reported to the Governance and Audit Committee during 2021/22, these being in April 2021, December 2021 and to this meeting. The Service Director referred to the latest progress update, as set out at Appendix 1, and fed back that good progress can be evidenced with recommendations either completed, or due to their nature, require work to be on-going, for example, the Council's work to tackle homelessness. The Service Director added that where work is on-going, these will be incorporated into 2022/23 Service Delivery Plans and monitored as part of the Council's operational performance management arrangements.

The Service Director went on to provide an overview of progress made to date to implement recommendations / proposals for improvement included within the Audit Wales Annual Audit Summary 2021, a summary included at Table 1 of the covering report and a detailed update at Appendix 2. The Service Director informed the Committee that the Annual Audit Summary 2021 contained recommendations / proposals for improvement from published reports that were specific to Rhondda Cynon Taf Council as well as national reports that relate to local authorities more generally, other public bodies and also Welsh Government. The Service Director added that further progress updates would be reported to the Governance and Audit Committee during 2022/23 in line with its agreed work programme.

The Governance and Audit Committee **RESOLVED:**

- That there were no matters of a governance, internal control or risk management nature that required action on attention by the Governance and Audit Committee.
- That there were no matters of a performance nature that required review by the Councils Scrutiny team

55 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".

56 ANTI-FRAUD ANNUAL REPORT 2021/22

The Service Director – Pensions, Procurement & Transactional Services set out the updated draft Anti-Fraud, Bribery and Corruption Strategy, outlined the progress made to date against the Anti-Fraud, Bribery & Corruption work programme for 2021/22 and provided a proposed work programme for 2022/23. 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 and the proactive steps taken by the Council to mitigate risk of fraud and corruption in this regard. The Service Director went on to inform Members that during 2021/22 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:**

- To review and consider the updated Council Anti-Fraud, Bribery & Corruption Strategy.
- To review the outcomes on the anti-fraud work progress during 2021/22.
- Consider the proposed work to be undertaken in 2022/23 and provide guidance where necessary within the Terms of Reference of the Committee.

This meeting closed at 5.55 pm

**Mr Christopher Jones
Chairman.**

Tudalen wag

2022 Audit Plan – Rhondda Cynon Taf County Borough Council

Date issued: July 2022

This document has been prepared as part of work performed in accordance with statutory functions.

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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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About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year I audit the Council's financial statements to make sure that public money is being properly accounted for.

Value for money

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

Sustainable development principle

- 5 The Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of financial statements

- 8 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2022; and
 - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 9 In addition to my responsibilities for auditing the Council's financial statements, I 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 Rhondda Cynon Taf pension fund accounts (a separate audit plan has been prepared for the audit of the pension fund);
 - the audit of the Welsh Church Act Fund charity (a separate audit plan will be prepared for the Welsh Church Act Fund);
 - the audit of Central South Consortium Joint Education Services Joint Committee (a Separate audit plan has been prepared for the audit of the joint committee);
 - the certification of the Llwydcoed Crematorium Joint Committee return;
 - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes 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 the Council prior to completion of the audit.

- 11 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 12 There have been no limitations imposed on me in planning the scope of this audit. .
- 13 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

Audit of financial statements risks

- 14 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>Management Override 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>We 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; • evaluate the rationale for any significant transactions outside the normal course of business;
<p>Covid Funding The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial</p>	<p>We will review the funding streams received from Welsh Government and confirm the appropriate accounting treatment with the authority.</p>

Audit risk	Proposed audit response
<p>support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government. Payments have been made available through a number of different schemes over the course of 2021-22 and the amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p> <ul style="list-style-type: none"> • Incorrect accounting treatment for COVID-19 funding i.e. principal or agency arrangements • fraud/error risks 	
<p>Asset valuations</p> <p>Accounting for Property, Plant and Equipment and Intangible Assets continued to be one of the most challenging areas of the accounts and gives rise to most of our audit findings. In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year end.</p>	<p>We will review the Council's asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year end.</p>
<p>Borrowings</p> <p>The Council entered into a material repayable funding arrangement with Welsh Government during 2021/22. Given that this is a new arrangement of significant value, there is a risk that this will not be accounted for correctly within the Council's financial statements.</p>	<p>My audit team will work with the Council to understand the nature of the loan and confirm that the correct accounting treatment has been applied.</p>

Audit risk	Proposed audit response
Other audit risks	
<p>City deal: City deals are arrangements negotiated with government that give greater accountability for actions in return for new powers to help encourage growth and jobs. The Cardiff Capital Region City Deal (the City Deal) involves 10 local authorities. The authorities have established a joint committee (the Regional Cabinet) to oversee delivery of a range of programme. This significant programme will have financial, governance and delivery risks that need to be managed. There will be a number of accounting issues to address including potential consolidation of joint committee accounts.</p>	<p>Liaising closely with the external auditors of the other Local Authorities, my audit team will monitor progress with the City Deal project and carry out work as necessary to assess the existing and proposed financial and governance arrangements.</p>
<p>Group Accounts RCT owned subsidiaries (Cynon Valley Waste Disposal Company Ltd) have increased the value of the Property, Plant and Equipment held by the company. If deemed material, this could trigger a requirement for RCTCBC to prepare a group Statement of Accounts.</p>	<p>Asses if the impact of consolidation would be material. If material, we will audit the preparation of the group Statement of Accounts.</p>
<p>Related parties Disclosure of related party transactions are important as these transactions identify relationships that might materially prevent a body pursuing its separate interests or allow the body to prevent another party from pursuing its interests independently. We have identified related party transactions as material to the accounts as they can provide scope to distort financial information and/or obscure the substance of transactions.</p>	<p>We will review the Council's procedures in gathering related party information specifically relating to members declarations of interest. We will review officers' judgements regarding where control exists and agree values of transactions to the Council. We will ensure information is disclosed inline with the CIPFA Code.</p>

Audit risk	Proposed audit response
At the Council we have previously identified weaknesses in the authority's systems for identifying and recording related party transactions.	

Performance audit

- 15 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in paragraphs 4 and 5 in relation to value for money and sustainable development.
- 16 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 17 For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will continue to be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 18 Given the high degree of commonality in the risks facing councils I also intend to deliver a number of thematic projects examining risks common to all councils.
- 19 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 20 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.
- 21 My auditors are liaising with the Council to agree the most appropriate time to examine the setting of well-being objectives.
- 22 The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 23 For 2022-23 my performance audit work at the Council is set out below.

Exhibit 2: Performance Audit Programme 2022-23

This table summarises the performance audit programme for 2022-23

Performance audit programme	Brief description
Assurance and Risk Assessment	<p>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 and acting in accordance with the sustainable development principle</p> <p>The project is likely to focus on:</p> <ul style="list-style-type: none">• financial position• capital programme management• use of performance information – with a focus on service user feedback and outcomes• governance – exact focus to be confirmed• a consideration of other core arrangements and services
Thematic review - unscheduled care	<p>We intend to undertake a cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>
Thematic review - digital	<p>Scope to be determined.</p>
Bespoke local project – focusing on the Council's performance dashboard.	<p>Scope to be confirmed.</p>

- 24 In March 2022, I published [a consultation](#) inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through our national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
 - a targeted and impactful approach to communicating and influencing.
- 25 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. We also invited views on possible areas for follow-up work.
- 26 We will provide updates on the performance audit programme through our regular updates to the Governance and Audit Committee.

Certification of grant claims and returns

- 27 I have also been requested to undertake certification work on the Council's grant claims, which I anticipate will include Housing Benefits, Teachers Pension, NDR and pooled budget returns.

Statutory audit functions

- 28 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.
- 29 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 30 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 taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
 - all appropriate officials will be available during the audit;
 - 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.
- 31 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 32 As set out in our Fee Scheme 2022-23 our fee rates for 2022-23 have increased by 3.7% as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 33 The estimated fee for 2022 is set out in **Exhibit 3**. This represents a 3.7% increase compared to your actual 2021 fee.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, 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	238,369	229,562
Performance audit work ³	97,440	94,084
Other financial audit work ⁴	2,050	2,043
Total fee	337,589	325,689
Grant certification work ⁵	45,000-55,000	53,005

34 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.

35 Further information can be found in my [Fee Scheme 2022-23](#).

Audit team

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

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
Richard Harries	Engagement Director	02920320636	richard.harries@audit.wales
Mike Jones	Audit Manager (Financial Audit)	02920320649	mike.jones@audit.wales

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

² Payable November 2021 to October 2022.

³ Payable April 2022 to March 2023.

⁴ Llwydcoed Joint Committee return

⁵ Payable as work is undertaken.

Name	Role	Contact number	E-mail address
Carwyn Rees	Audit Lead (Financial Audit)	02920829375	carwyn.rees@audit.wales
Sara-Jane Byrne	Audit Manager (Performance Audit)	07786 111385	sara-jane.byrne@audit.wales
Ian Phillips	Audit Lead (Performance Audit)	07811 757163	ian.phillips@audit.wales

37 We have reviewed the independence of the team inline with Audit Wales policy and have no issues that need to be brought to your attention.

Timetable

38 The key milestones for the work set out in this plan are shown in **Exhibit 5**.

39 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act.

Exhibit 5: Audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	January – March 2022	June 2022
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements 	July – October 2022	October 2022

Planned output	Work undertaken	Report finalised
Performance audit work: <ul style="list-style-type: none"> • Assurance and Risk Assessment project • Thematic Review – unscheduled care • Thematic Review - digital • Local project – performance dashboard 	<p>Timescales for individual projects will be discussed with the Council and detailed within the specific project briefings produced for each piece of work.</p>	
Grants certification work <ul style="list-style-type: none"> • Housing Benefit • Non-Domestic rates • Teachers Pensions • Pooled Budgets • Social Care Workforce Development 	<p>October 2022 – January 2023</p>	<p>N/A</p>
Other financial audit work <ul style="list-style-type: none"> • Llwydcoed Crematorium 	<p>July 2022</p>	<p>September 2022</p>
Annual Audit Summary	<p>N/A</p>	<p>January 2023</p>

2022 Audit Plan – Rhondda Cynon Taf Pension Fund

Audit year: 2021-22

Date issued: July 2022

This document has been prepared as part of work performed in accordance with statutory functions.

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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.

2022 Audit Plan	
Summary	4
Impact of COVID-19	4
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Summary

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice to examine and certify whether Rhondda Cynon Taf Pension Fund's (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 There have been no limitations imposed on me in planning the scope of this audit.

Impact of COVID-19

- 4 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 5 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of pension fund accounts

- 6 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.
- 7 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes 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 (Rhondda Cynon Taf Council, as administering authority of the Pension Fund) prior to completion of the audit.
- 8 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 9 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Financial audit risks

- 10 The following table sets out the significant risks I have identified for the audit of the Pension Fund accounts.

Exhibit 1: financial audit risks

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

Audit risk	Proposed audit response
Significant risks	
<p>Management Override 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>We 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; • evaluate the rationale for any significant transactions outside the normal course of business.
Other areas of audit attention	
<p>Wales Pension Partnership The eight Pension Funds in Wales have created an ‘all-Wales’ pooled investment vehicle which is overseen and reported on by a joint governance committee the Wales Pension Partnership.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • work with the auditors of the joint governance committee to obtain the required assurances over the valuation of the funds transferred into the Wales Pension Partnership arrangement; and • review the disclosures made in respect of this partnership.

Statutory audit functions

- 11 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.
- 12 As this work is reactive, I have not included an estimated fee in **Exhibit 2** below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 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, taking into account the impact of COVID-19, 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;
 - 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;

Fee

- 14 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 15 The estimated fee for 2022 is set out in **Exhibit 2**. This represents a 3.8% increase compared to your actual 2021 fee.

Exhibit 2: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of pension fund accounts ²	£40,891	£39,385

- 16 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.
- 17 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 18 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: my audit team

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

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Lead	02920320636	Richard.Harries@audit.wales
Mike Jones	Audit Manager	02920320649	Mike.Jones@audit.wales
Ellis Williams	Audit Lead	02920829385	Ellis.Williams@audit.wales

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

² Payable November 2021 to October 2022.

Timetable

- 19 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

Exhibit 4: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	April 2022	May 2022
Audit of pension fund accounts: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	April & October 2022	November 2022

- 20 We can confirm that team members are all independent of you and your officers. In addition, we are not aware of any potential conflicts of interest that we need to bring to your attention.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 18 th July 2022	AGENDA ITEM NO. 7
REPORT OF HEAD OF REGIONAL INTERNAL AUDIT SERVICE	INTERNAL AUDIT ANNUAL REPORT 2021/22

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

1. PURPOSE OF THE REPORT

- 1.1 To provide the Head of Internal Audit's Annual Opinion on the Council's control environment in relation to governance, risk management and internal control and to inform the Governance and Audit Committee of the work & performance of Internal Audit for the Financial Year 2021/22.

2. RECOMMENDATIONS

- 2.1 It is recommended that members of the Governance and Audit Committee give due consideration to the Annual Internal Audit Report for the Financial Year 2021/22 including 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.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Governance and Audit Committee receives the annual opinion from the Head of Internal Audit in respect of the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control and to monitor the performance of the Council's Internal Audit Service 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 (PSIAS).

- 4.2 In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit is responsible for developing a risk-based annual audit plan which considers 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 Internal Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 4.3 The draft Internal Audit Plan for 2021/22 was presented to Governance and Audit Committee and approved on 12th July 2021. The approved plan was flexible to be able to respond to changing circumstances and events that may occur during the year as a result of the pandemic and the remote ways of working.
- 4.4 Audit work has been carried out remotely during the year with staff predominantly working from home. Audits have been conducted using various digital solutions and whilst there was a steep learning curve for both audit staff and auditees all have adjusted well to this way of working.
- 4.5 The Internal Audit Annual Report is attached at Appendix A which summaries the reviews undertaken during 2021/22, the recommendations made and any control issues identified. A total of 42 reviews were completed with an audit opinion, 1 audit assignment was undertaken on a consultancy basis, and a further 10 pieces of work have been completed where no audit opinion was required, and a total of 148 recommendations have been made. A detailed breakdown is included at Annex 1 of this Appendix. The annual report also discussed the performance of the internal audit service during the year including benchmarking its performance against other local authorities and highlighting individual staff development that has taken place.
- 4.6 Annex 2 illustrates that many planned reviews have been undertaken during 2021/22 despite the continuing impact the pandemic has had on services as well as the adoption of remote working. Where planned work has not been undertaken assurance has been gained where possible from other sources such as previous work and coverage in other audits. Some planned reviews were not undertaken during the year due to requests from services that were under intense pressure, these will be considered in the 2022/23 planning process, and 14 audits from the draft 2022/23 internal audit plan are already in progress and will be completed during 2022/23.
- 4.7 Based on the testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 25 reviews (60%), and an opinion of reasonable to 14 reviews (33%). The remaining 3 have been given an audit opinion of limited, that is only limited assurance can be placed on the current systems of internal control. Whilst this is a slightly higher number and percentage than previous years there does not appear to be any indication of any particular reasons or connection from these reviews or wider underlying concerns.

4.8 Taking into account the results of the internal audit reviews completed during 2021/22, 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 2021/22 is of reasonable assurance. 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.

4.9 In providing this annual 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 2021/22 and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

5. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY

5.1 There are no equality and diversity or socio-economic 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, but effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

8.1 The provision of an adequate and effective Internal Audit function is a legal requirement under 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 / FIVE WAYS OF WORKING

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 / FIVE WAYS OF WORKING

- 9.2 The wellbeing goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

10. CONCLUSION

- 10.1 Taking into account the results of the internal audit reviews completed during 2021/22, 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 2021/22 is of **reasonable assurance**.

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

GOVERNANCE AND AUDIT COMMITTEE

18th July 2022

HEAD OF REGIONAL INTERNAL AUDIT SERVICE

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

Item: 7

Background Papers

None.

Officer to contact: Mark Thomas (Head of Regional Internal Audit Service)
Lisa Cumpston (Audit Manager Regional Internal Audit Service)

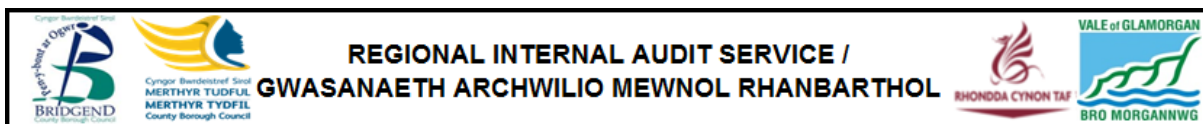


STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFTADAETH GADARN | DYFODOL SICR

ANNUAL INTERNAL AUDIT REPORT

2021/2022

C. Mark. Thomas MAAT, CPFA
Head of Regional Internal Audit Service
July 2022



Annual Internal Audit Report 2021/22

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 Covid-19 pandemic continued to have an impact on how the Council has operated and the governance arrangements and processes in place to ensure it could continue to support residents and businesses during the year.
- 1.3 Audit work has been carried out remotely with staff predominantly working from home. Audits have been conducted using various digital solutions and whilst there was a steep learning curve for both audit staff and auditees all have adjusted well to this way of working. It is likely that the audit service will largely continue to be delivered remotely with an element of office based/face to face working as required.
- 1.4 The 2021/22 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including governance, risk management and internal control. The plan has regard to the continuing impact caused by the pandemic and the changes that have been made to the way the Council is operating.
- 1.5 Other factors taken into account included potential availability of audit and service staff and challenges arising from the remote ways of working. The plan was also flexible to respond to changing circumstances and events that may have occurred such as a second wave/outbreaks, pressures on services, the ability to access staff and evidence or requests to respond to new issues that may emerge.
- 1.6 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).
- 1.7 The service reports to the four Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

Annual Internal Audit Report 2021/22

Section 2 – Summary of Reviews Undertaken 2021/22

- 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:

Table 1 - Audit Assurance Category Code	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Table 2 – Audit Opinion Given to Completed Internal Audit Reviews 2021/22

Audit Opinion	Follow Ups	System Reviews	Establishment Reviews	Grant Verification	Total	%
Substantial	1	13	5	6	25	60%
Reasonable		8	6		14	33%
Limited		1	2		3	7%
No Assurance					0	0%
TOTAL	1	22	13	6	42	100%

- 2.3 Table 1 illustrates that a total of 42 reviews have been given an audit opinion. A detailed list of these is at **Annex 1**.

Annual Internal Audit Report 2021/22

- 2.4 Based on the testing of the effectiveness of the internal control environment an audit opinion of substantial assurance has been given to 25 reviews (60%) and an opinion of reasonable to 14 reviews (33%). The remaining 3 (7%) have been given an audit opinion of limited, that is only limited assurance can be placed on the current systems of internal control. These are detailed in Section 3 below.
- 2.5 The final position against the 2021/22 approved audit 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 recommendations made to improve the control environment.
- 2.6 **Annex 2** illustrates that many planned audit reviews have been undertaken during 2021/22 despite the continuing impact the pandemic has had on services as well as the adoption of remote working. Where planned work has not been undertaken, assurance has been gained where possible from other sources such as previous work and coverage in other audits. Some planned reviews were not undertaken during the year due to requests from services that were under intense pressure, these will be considered in the 2022/23 planning process and 14 audits from the draft 2022/23 internal audit plan are already in progress and will be completed in 2022/23.
- 2.7 Therefore the level of Internal Audit coverage was sufficient for the Head of Audit to be able to give an opinion.

Section 3 – Limited Reports - Control Issues

- 3.1 Table 2 illustrates that 3 reviews (7%) identified control issues which meant that only limited assurance could be provided. Whilst this is an increase from the previous year (during 2020/21 there were no limited assurance audit opinions provided) there does not appear to be any indication of any particular connection from these reviews or wider underlying concerns. These reviews are detailed below and each were reported to Governance and Audit Committee during 2021/22:
- 3.2 **Park Lane Special School**
This audit was included in the audit plan for 2021/22 at the request of both the Director of Education & Inclusion Services and Acting Headteacher. The objective of the audit was to provide assurance that the financial systems and internal controls were effective and were compliant with the Council's policies and procedures. The audit work undertaken identified some key issues in respect of internal processes and procedures not always being complied with and resulted in 15 audit recommendations being made, 4 of which were of a high priority. All recommendations have been agreed by the Acting Executive Headteacher, and progress against these recommendations will be monitored in accordance with routine internal audit monitoring procedures. This school is included in the audit plan for a follow up review during 2022/23.

Annual Internal Audit Report 2021/22

3.3 Ty Gwyn Pupil Referral Unit

This audit was included in the audit plan for 2021/22 at the request of the Director of Education & Inclusion Services. The objective of the audit was to provide assurance that the financial systems and internal controls were effective and were compliant with the Council's policies and procedures. The audit work undertaken identified some key issues in respect of internal processes and procedures not always being complied with and resulted in 13 audit recommendations being made, 6 of which were of a high priority and 7 medium priority. All recommendations have been agreed by the Headteacher, and progress against these recommendations will be monitored in accordance with routine internal audit monitoring procedures. This referral unit is included in the audit plan for a follow up review during 2022/23.

3.4 Adoption Support & Foster Carer Payments

The objective of this audit was to review the controls in place to ensure that payments are accurate, supported by adequate assessments, authorised appropriately and comply with the formal agreements in place. Evidence of a regular review and re-assessment process was also examined. While no high priority findings were reported, the audit review identified weakness which could lead to financial loss for the Council, and issues which could lead to disruption for the recipients of both Adoption and Financial Support Payments, potentially leaving the Council open to challenge and reputational risk. All recommendations have been agreed, and progress against these recommendations will be monitored in accordance with routine internal audit procedures. This area is included in the audit plan for a follow up review during 2022/23.

Section 4 – Recommendations – 2021/22

- 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 and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions, these ratings being High, Medium and Low.

Annual Internal Audit Report 2021/22

Table 3 – Recommendation Categorisation	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.

- 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 2021/22

Rating	Follow Ups	System Reviews	Establishment Reviews	Grant Verifications	Total	%
High	0	5	22	0	27	18%
Medium	0	34	55	0	89	60%
Low	0	14	18	0	32	22%
Total	0	53	95	0	148	100%

- 4.3 Table 4 illustrates that a total of 148 recommendations have been made to improve the control environment of the areas reviewed during 2021/22. Management has given written assurance that these will be implemented or have accepted the identified risk if the recommendation has not been accepted. The implementation of these recommendations is being monitored to ensure that improvements are being made.

Section 5 – Counter Fraud Work

- 5.1 While the Council has its own Counter Fraud Team, Internal Audit are also asked to carry out specific pieces of audit / investigation work on occasions. During 2021/22 we were asked to undertake an audit review of Respite Services. No fraud was identified but a report was issued to Management with recommendations made to improve internal control and governance arrangements in the Service area. This area has also been included within the Internal Audit Plan for 2022/23 for a follow up review, the outcome of which will be reported to Governance and Audit Committee.

Annual Internal Audit Report 2021/22

Section 6 – Key Performance Measures – Client Satisfaction Questionnaires

6.1 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?

6.2 The return rate for returning client satisfaction questionnaires was low, with only 55% returned at the time of writing this report. This is an area where the Service will look to improve and will explore the MK Insight audit software to introduce a follow up process where surveys have not been returned, allowing potential development areas to be identified and service improvements made where necessary.

6.3 The returned surveys however have confirmed satisfaction with the audit approach, the service provided and the conduct of the Auditors. It is pleasing that the average rate of satisfaction is 100%. In addition to the above questions, the client also has an opportunity to make comments within the Client Satisfaction Questionnaire. Set out below are some examples of comments that have been received during the period.

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The report will be helpful to further tighten procedures and compliance. The format of the report is much improved and I like that strengths are also now highlighted.

The auditor was helpful, polite and professional from beginning to end and is a credit to the profession.

The audit provided us with clear pathways forward regarding the management of finances, and the areas identified within the report will help to improve the service.

Section 7 – Key Performance Measures – Staff Training

- 7.1 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.
- 7.2 Staff are encouraged to attend courses or undertake on-line training to develop their skills and networking opportunities. Listed below illustrate the range of training courses that staff have completed during 2021/22:
- Data Protection Essentials
 - Stress Awareness
 - Working from Home and Agile Working
 - Safeguarding Children and Adults – Raising Awareness
 - Armed Forces Covenant
 - Challenging Conversations
 - Assertiveness
 - Digital Literacy
 - Managing Attendance at Work
 - Delivering Effective Feedback
- 7.3 In the wider Regional Service one member of staff successfully completed the Chartered Institute of Internal Auditors, Certified Internal Auditor qualification during the year and another member of staff is working towards the qualification.

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- 7.4 In addition another member of staff has successfully gained full professional membership of the Chartered Institute of Public Finance & Accountancy (CIPFA)

Section 8 – Key Performance Measures – Benchmarking

- 8.1 The Internal Audit Service participates annually in the Welsh Chief Auditors Group (WCAG) benchmarking exercise. The results for 2020/21 are illustrated in Table 5, the information for 2021/22 is awaited:

Table 5 – Performance Data

Performance Indicator	Performance RIAS RCT Team 2021/22	WCAG Average Performance 2021/22	Performance RIAS RCT Team 2020/21	WCAG Average Performance 2020/21
Percentage of Planned Audits Completed	60%		74%	67%
Percentage of Audits Completed in Planned Time	53%		66%	75%
% of Client Satisfaction Questionnaires Returned	55%		33%	57%
% of clients responses at least satisfied	100%		100%	100%
% of recommendations accepted versus made	100%		100%	100%

- 8.2 It should be noted that 16 of the 22 Councils returned their performance figures for 2020/21 representing a return rate of 73%.
- 8.3 Overall for 2021/22 60% of the audit plan was completed, and 53% of audits were undertaken within planned time during 2021/22.
- 8.4 The PI's illustrate that the performance within the Rhondda Cynon Taf Team has dipped slightly during 2021/22 largely due long term sickness, staff secondment to Test, Trace and Protect Service (TTP) and some audits taking longer than planned. Overall performance it is still comparable to the average performance despite the challenges of Covid-19 and remote working. As part of the restructure of the Service new management arrangements have been put in place for 2022/23 and vacancies in the wider Service have and are being recruited to which should see an improvement in the Performance figures. In addition, some practical changes to procedures are being made to improve performance.

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- 8.5 Although not all work planned for was undertaken during the year, Internal Audit management ensured that coverage was given to appropriate areas including requests to undertake specific additional work. Where risk profiles changed during the year, Internal Audit responded accordingly. In recognition of the sickness absence in the Team additional capacity was commissioned to carry out some key audits during the year by SWAP.
- 8.6 In addition to the work reported above the Team also produce additional pieces of work to support the Governance & Audit Committee including this Annual Report, the Internal Audit Plan & Strategy Report and the Internal Audit Charter for example.

Section 9 – Public Sector Internal Audit Standards

- 9.1 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.
- 9.2 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.
- 9.3 The Internal Audit Service for the Council received an external assessment in accordance with the Standards in 2017. Another assessment is due in 2022 and will be undertaken shortly. No areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity were identified at that time and the assessment noted that there were no significant deviations from the Standards.
- 9.4 Whilst improvements have been made to working practices and more sophisticated audit software is now in use and remote working is common place, no significant changes have occurred from the perspective of the standards since the Regional Internal Audit Service was set up in April 2019. As a result, the Service continues to conform to the Standards during 2021/22.

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Section 10 – Regional Internal Audit Service Progress

- 10.1 The expanded shared service came into existence on 1st April 2019, it is hosted by the Vale of Glamorgan Council and provides internal audit services to the Vale, Bridgend, Merthyr Tydfil & Rhondda Cynon Taf Councils.
- 10.2 The vision for the service is 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 and to be a service that is regarded as:
- ✓ Professional
 - ✓ Approachable
 - ✓ Flexible
 - ✓ Independent but internal to the organisation – a critical friend
- 10.3 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.
- 10.4 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
- 10.5 During 2021/22 staff were matched to posts within the new agreed staffing structure. Recruitment to the remaining vacant posts then commenced and this resulted in several internal promotions as well as some external appointments. The recruitment process will continue during 2022/23 until all posts are filled including recruiting Graduate Auditors who will be supported to become professionally qualified.
- 10.6 A tender exercise was undertaken during 2021/22 to establish a framework agreement for the provision of an Internal Audit service to be used when required to supplement the existing in-house provision when required. This was a successful exercise and a framework agreement is now in place for the next 3 years.

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- 10.7 Audit work has been carried out remotely with staff predominantly working from home. Audits have been conducted using various digital solutions and whilst there was a steep learning curve both for audit staff and auditees all have adjusted well to this way of working. It is likely that the audit service will largely continue to be delivered remotely with an element of office based/face to face working as required.
- 10.8 The new audit software solution was successfully implemented and used by all staff for the 2021/22 audit plan. This has ensured consistency in approach and style of reporting across the Regional Internal Audit Service. Ongoing development will continue to ensure maximum use of the improved functionality and reporting tools.
- 10.9 The longer-term success of the Regional Internal Audit 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. A draft roadmap has been produced during 2021/22 which will be firmed up once all the vacancies have been filled.

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Section 11 - Opinion Statement 2021/22

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; and
- 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 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 2021/22 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 for the year ended 31st March 2022;
- 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.

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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 which is regularly reviewed and challenged by senior management, Cabinet and the Finance and Performance Scrutiny Committee and an update to Governance and Audit Committee. During 2021/22 risk management was considered as part of every audit rather than one specific audit being undertaken. A specific review of Corporate Risks is planned during 2022/23.

However, a follow up review to the Risk Management audit undertaken in 2020/21 has been scheduled for completion during 2022/23.

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 **reasonable assurance** is given.

Governance Arrangements

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

The Authority has responsibility for conducting on an annual basis the review of the effectiveness of its governance framework. The assessment process and the results of the assessment are published within the Annual Governance Statement. Internal Audit feeds into this process. The Council has identified proposals for improving governance as part of the review of effectiveness and are included in the Annual Governance Statement.

Whilst no single audit was conducted specifically on governance, governance arrangements are considered as part of every audit and tested during all school 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.

Overall therefore, from a governance perspective, an opinion of **reasonable assurance** 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 52 reviews were completed in the year with 42 reports culminating in an overall opinion being provided. Of these reviews 39 (93%) have been closed with either a substantial or reasonable assurance opinion level. 3 reviews (7%) were given a limited opinion and have identified weaknesses in the overall control environment, and these have been summarised in Section 3 above.

Therefore, an opinion of **reasonable assurance** can be given on internal control.

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Head of Internal Audit Opinion Statement 2021/22

From the work undertaken during the financial year 2021/22 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 2021-22 is:

“Reasonable Assurance”

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.

As described, the way the Council has had to operate during 2021/22 is still affected by the COVID 19 pandemic. Many staff have worked remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

The pandemic, remote working, long term sickness and staff secondment to TTP did have some impact on the delivery of the internal audit plan for 2021/22; however, the Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

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Annex 1 – Audits Completed with an Opinion & Recommendations 2021/22

Internal Audit Review	Audit Opinion				Recommendations		
	Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
Procurement Arrangements	√				0	0	0
Administration of Trust Funds	√				0	0	0
Operation of the Primary School Sickness Scheme		√			0	1	2
Fairer Charging for Adult Non-Residential Care Services – Follow Up	√				0	0	0
Budgetary Control – School Deficit Recovery Protocols	√				0	3	0
Distribution of Devices to Digitally Excluded Learners (Covid Related Risks)	√				0	0	1
Corporate Landlord Compliance		√			0	5	1
Emergency Planning	√				0	0	0
Building Control		√			1	3	1
Section 17 Payments (Prevention Payments)		√			0	1	3
Adoption Support & Foster Carer Payments			√		0	6	2
Llwydcoed Crematorium		√			0	8	0
Registration Services	√				0	0	0
Governor Support – Provision of Governing Body Information		√			3	2	1
Ty Gwyn Pupil Referral Unit			√		6	7	0
Park Lane Special School			√		4	8	3
Special School Self-Assessment Programme & Annual Report		√			0	0	0
Alaw Primary School	√				0	1	1
Cefn Primary School		√			2	4	2
Craig yr Hesg Primary School		√			2	1	2
Cilfynydd Primary School	√				1	1	1
Coedpenmaen Primary School		√			3	6	3

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Internal Audit Review	Audit Opinion				Recommendations		
	Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
Cwmbach Church in Wales Primary School		√			1	6	2
Dolau Primary School	√				1	2	2
Llantrisant Primary School	√				0	3	0
Penderyn Community Primary School	√				0	2	1
Primary School Self-Assessment Programme & Annual Report		√			0	0	0
Bryncelynnog Comprehensive School		√			2	6	1
Secondary/All Through School Self-Assessment Programme & Annual Report		√			0	0	0
RCT – Regional Consortia School Improvement Grant (RCSIG)	√				0	0	0
RCT – Education Improvement Grant (EIG)	√				0	0	0
RCT – Pupil Development Grant (PDG)	√				0	0	0
RCT – Post 16 Grant Certifications (DCELLS)	√				0	0	0
PPE Stock Control Arrangements	√				0	0	0
Income Management Arrangements	√				0	3	0
Central South Consortium (CSC) – Regional Consortia School Improvement Grant (RCSIG)	√				0	0	0
CSC – Pupil Development Grant (PDG)	√				0	0	0
CSC – General Ledger	√				0	0	0
AMGEN – Payroll	√				0	0	1
AMGEN – Debtors	√				0	0	0
AMGEN – Creditors	√				0	0	1
AMGEN – General Ledger	√				0	0	0
Total audits completed providing an opinion & total number of recommendations made	25	14	3	0	26	79	31

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Audits Completed with no Opinion 2021/22

Consultancy Assignment	Audit Status	Recommendations		
		High	Med	Low
Safeguarding Arrangements – Capita One	Complete	1	10	1
Internal Audit Reporting				
Annual Governance Statement 20/21	Complete			
Recommendation Monitoring	Complete			
PSIAS Compliance	Complete			
Emerging Risks / Special Investigations – • Respite Services	Complete			
Total number of completed assignments where no audit opinion was made	5			

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Annex 2 – Internal Audit Plan 2021/22

Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
Chief Executive								
Contract Variations/Payments in Advance	c/f 2022/23							
Procurement Arrangements	Final Issued	√				0	0	0
Administration of Trust Funds	Final Issued	√				0	0	0
Operation of the Primary School Sickness Scheme	Final Issued		√			0	1	2
Grants to Businesses	c/f 2022/23							
Self Isolation Payments – Administration of the WG Scheme (Covid Related Risks)	c/f 2022/23							
Fairer Charging for Adult Non-Residential Care Services – Follow Up	Draft Issued	√				0	0	0
Budgetary Control – School Deficit Recovery Protocols	Final Issued	√				0	3	0
Payroll – Implementation of the new Payroll system	c/f 2022/23							
Administration of the Furlough Scheme (Covid Related Risks)	c/f 2022/23							
Cyber Security Arrangements	c/f 2022/23							
Distribution of Devices to Digitally Excluded Learners (Covid Related Risks)	Final Issued	√				0	0	1
Corporate Landlord Compliance	Draft Issued		√			0	5	1
Asset Management	c/f 2022/23							
Prosperity, Development & Frontline Services								
Emergency Planning	Final Issued	√				0	0	0
Community Recycling Centres	In Progress							
Capital Projects	c/f 2022/23							
Regeneration & Planning	c/f 2022/23							
Building Control	Draft Issued		√			1	3	1
Community & Children's Services								
WCCIS	In Progress							
Deputyship	c/f 2022/23							
Rota Management Review	In Progress							
Adaption & Community Equipment	c/f 2022/23							

Annual Internal Audit Report 2021/22

Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
Carers Assessments	c/f 2022/23							
The Review Team	c/f 2022/23							
Section 17 Payments (Prevention Payments)	Final Issued		√			0	1	3
Adoption Support & Foster Carer Payments	Final Issued			√		0	6	2
Contract Management Placements	c/f 2022/23							
Llwydcoed Crematorium	Final Issued		√			0	8	0
Registration Services	Final Issued	√				0	0	0
Education & Inclusion Services								
Governor Support – Provision of Governing Body Information	Final Issued		√			3	2	1
Exclusion & Attendance	c/f 2022/23							
Step 4 Provisions	c/f 2022/23							
Ty Gwyn Pupil Referral Unit	Final Issued			√		6	7	0
Park Lane Special School	Final Issued			√		4	8	3
Special School Self Assessment Programme & Annual Report	Final Issued		√			0	0	0
Alaw Primary School	Final Issued	√				0	1	1
Cefn Primary School	Final Issued		√			2	4	2
Craig yr Hesg Primary School	Final Issued		√			2	1	2
Cilfynydd Primary School	Final Issued	√				1	1	1
Coedpenmaen Primary School	Final Issued		√			3	6	3
Cwmbach Church in Wales Primary School	Final Issued		√			1	6	2
Cymmer Primary School	c/f 2022/23							
Dolau Primary School	Final Issued	√				1	2	2
Ffynon Taf Primary School	c/f 2022/23							
Llantrisant Primary School	Final Issued	√				0	3	0
Maesybryn Primary School	c/f 2022/23							
Penderyn Community Primary School	Final Issued	√				0	2	1
Penywaun Primary School	c/f 2022/23							
Primary School Self Assessment Programme & Annual Report	Final Issued		√			0	0	0
Hawthorn High School – Follow Up Review	c/f 2022/23							
Ysgol Gyfun Rhydywaun	c/f 2022/23							
Bryncelynnog Comprehensive School	Final Issued		√			2	6	1
Ferndale Community School	c/f 2022/23							

Annual Internal Audit Report 2021/22

Audit Assignment	Audit Status	Audit Opinion				Recommendations		
		Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	High	Med	Low
Secondary/All Through School Self-Assessment Programme & Annual Report	Final Issued		√			0	0	0
RCT – Regional Consortia School Improvement Grant (RCSIG)	Final Issued	√				0	0	0
RCT – Education Improvement Grant (EIG)	Final Issued	√				0	0	0
RCT – Pupil Development Grant (PDG)	Final Issued	√				0	0	0
RCT – Post 16 Grant Certifications (DCELLS)	Final Issued	√				0	0	0
Whole Authority Arrangements								
Information Management	c/f 2022/23							
PPE Stock Control Arrangements	Final Issued	√				0	0	0
Anti-Fraud, Bribery & Corruption	c/f 2022/23							
Scheme of Delegation	c/f 2022/23							
Performance Management Arrangements	c/f 2022/23							
Corporate Safeguarding (Covid Related Risks)	c/f 2022/23							
Income Management Arrangements	Final Issued	√				0	3	0
Central South Consortium (CSC)								
CSC – Regional Consortia School Improvement Grant (RCSIG)	Final Issued	√				0	0	0
CSC – Pupil Development Grant (PDG)	Final Issued	√				0	0	0
CSC – General Ledger	Final Issued	√				0	0	0
Amgen								
AMGEN – Payroll	Final Issued	√				0	0	1
AMGEN – Debtors	Final Issued	√				0	0	0
AMGEN – Creditors	Final Issued	√				0	0	1
AMGEN – General Ledger	Final Issued	√				0	0	0

Consultancy Assignment	Audit Status	Recommendations		
		High	Medium	Low
Education & Inclusion Services				
Safeguarding Arrangements – Capita One	Complete	1	10	1
Total	1	1	10	1

Tudalen way

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 18th JULY 2022	AGENDA ITEM NO. 8
REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES	DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22 – 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 2021/22 financial year.

2. RECOMMENDATIONS

In order for the Governance and 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 2021/22 certified draft 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.

¹ Governance and 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.*

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.

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 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 In addition to the above, CIPFA has published Bulletin 06 – 'Application of the Good Governance Framework 2020/21', providing guidance on the impact of the Covid-19 pandemic on governance in local government bodies and also the CIPFA Financial Management Code 2019, both of which should form part of local authorities' review of governance arrangements for the period April 2021 to March 2022.

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

- 4.5 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 2021/22

- 5.1 The Council's draft Annual Governance Statement 2021/22 is set out at Appendix 1 and has been compiled in accordance with 'Delivering Good Governance in Local Government: Framework (2016)' and the CIPFA Bulletin 06.
- 5.2 The compilation of the draft Annual Governance Statement has entailed reviewing the activities in place around the Council's main governance arrangements as set out in the Local Code of Corporate Governance and associated key processes, engagement with senior officers across services in respect of these arrangements and taking account of the findings from a range of existing reports including external regulator reports. The review has also had regard to the impact of the coronavirus pandemic and cost of living crisis on the Council's governance arrangements.
- 5.3 The review has identified proposals for improvement that aim to further improve the governance arrangements in place within the Council and these are set out in Section 6 of the Annual Governance Statement.
- 5.4 Between the date of this Governance and Audit Committee meeting and the date the 2021/22 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 Governance and Audit Committee where the implications on the overall conclusion can be debated.

6. EQUALITY AND DIVERSITY AND SOCIO-ECONOMIC DUTY IMPLICATIONS

- 6.1. There are no equality and diversity implications or socio-economic duty 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 2021/22 has been produced in accordance with the requirements contained within the 'Delivering Good Governance in Local Government: Framework (2016)', CIPFA Bulletin 06 and CIPFA Financial Management Code 2019, and is set out in Appendix A for consideration by the Governance and 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

GOVERNANCE AND AUDIT COMMITTEE

18th JULY 2022

**DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22 – RHONDDA CYNON
TAF COUNTY BOROUGH COUNCIL**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

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

Item:

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TAF COUNTY BOROUGH COUNCIL**

Background Papers

None.

Officer to contact: Paul Griffiths

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

1. **INTRODUCTION**

1.1 The Council's [Corporate Plan 2020 - 2024](#) 'Making a Difference' sets the overall direction for the Authority over a period of 4 years describing the vision, purpose and priorities to be delivered.

1.2 The Council's agreed vision, purpose and priorities 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.

1.3 Underpinning the above priorities are the cross-cutting themes of '***Live within our means***' and '***Efficient and effective Council***' – both of which focus on robust financial planning and management arrangements to ensure the Council maintains its financial stability, is financially resilient and makes the best use of scarce resources.

1.4 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.
- 2.4 Regard has also been given to the CIPFA Bulletin 06 – 'Application of the Good Governance Framework 2020/21' in respect of conducting the review of the Council's governance arrangements for the 2021/22 financial year. This provides guidance on the impact of the continuing Covid-19 pandemic on governance in local government bodies (see paragraphs 5.3 – 5.7) and also the CIPFA Financial Management Code 2019 (see paragraphs 5.14.2 to 5.14.6), both of which should form part of local authorities' review of governance arrangements for the period April 2021 to March 2022.
- 2.5 The Council's Annual Governance Statement aims to provide an accurate representation of the governance arrangements in place for financial year ending 31st March 2022.

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 RCT for the year ended 31st March 2022 (and up to the date of approval of the 2021/22 Statement of Accounts).

4. **THE GOVERNANCE FRAMEWORK AND REVIEW ARRANGEMENTS**

4.1 The Council has put in place a Local Code of Corporate Governance, in line with the seven principles set out in *The Delivering Good Governance in Local Government Framework (2016)*, to support its arrangements for ensuring sound governance.

4.2 The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. Section 5 sets out a Review of Effectiveness for the 2021/22 financial year against the Local Code of Corporate Governance.

5. **REVIEW OF EFFECTIVENESS**

5.1 The Review of Effectiveness has entailed reviewing the activities in place around the Council's main governance arrangements, as set out in the Local Code of Corporate Governance and associated key processes, engagement with senior officers across services in respect of these arrangements and taking account of the findings from a range of existing reports including external regulator reports.

5.2 The Review of Effectiveness has also considered the impact of the Covid-19 pandemic on the Council's governance arrangements and more recently, the work being delivered by the Council to help communities manage the cost of living crisis.

Covid-19

5.3 The Covid-19 pandemic continued to be a central feature in service planning and delivery throughout 2021/22, as was the case in 2020/21, with services adapting and working flexibly to ensure the continued provision of essential services and responding to the needs of communities across the County Borough.

5.4 The committee and democratic processes of the Council were fully operational, this enabling transparent decision making, effective scrutiny and Committees fulfilling their responsibilities as set out in terms of reference.

5.5 Financial and performance management arrangements were in place to closely manage Council resources and service delivery, this being demonstrated via published quarterly / year-end performance reports and the external audit of the Council's Statement of Accounts. During this period, the Council delivered a number of financial support packages, funded by Welsh Government, to support residents and businesses, for example, Self-isolation Payments

(£4.6Million) and Emergency Non-Domestic Rates Scheme (£3.1Million) and ensured appropriate controls were in place for each package of support.

- 5.6 The pandemic also resulted in over £30Million of additional costs and income losses being incurred by the Council, for example, additional expenditure on staff cover costs for staff that were required to self-isolate, free school meal payments, additional cleaning costs and increased demand for services such as social care and homelessness; and loss of income due to the need to temporarily suspend or reduce services such as leisure centres, theatres and visitor attractions. The majority of additional costs and income loss incurred during 2021/22 was recovered via the Welsh Government Hardship Fund; however due to the Hardship Fund not continuing for 2022/23, the Council is monitoring the on-going impacts and financial implications of Covid-19 and will use any flexibility afforded within available reserves to transition any permanent additional costs into the base budget over the medium term.
- 5.7 The Council has transformed many services during the pandemic to meet the changing needs of communities through, for example, digital solutions, optimising the use of buildings and working with others. This will be an on-going programme of work and the Council will continue to analysis the impact of Covid-19 on residents and businesses, reflect required changes within its Corporate Plan priorities and ensure arrangements are underpinned by a robust governance framework.

Cost of Living Crisis

- 5.8 In March 2022 Welsh Government announced a package of measures to help people with support towards the cost of living, totalling £175Million across Wales, with Rhondda Cynon Taf allocated over £16Million. The Council has put in place appropriate internal controls to check eligibility and administer payments, when processed from April 2022 onwards, with the internal control arrangements being independently reviewed and signed off by Internal Audit.

Review of Effectiveness Against the Local Code of Corporate Governance

- 5.9 Each section of the Council's Local Code of Corporate Governance has been set out below, alongside other key governance arrangements, and a review of their effectiveness undertaken and proposals for improvement made, where deemed appropriate.

5.10 Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

5.10.1 Good governance flows from a shared ethos and culture, as well as from systems and structures. As a public body, Rhondda Cynon Taf County Borough Council expects all representatives (i.e. Members and Officers) to conduct their duties with the highest levels of honesty and integrity.

Local Code of Corporate Governance Requirements	Sub-Principle ¹	Review of Effectiveness During 2021/22
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.	Behaving with integrity	<ul style="list-style-type: none"> • The Council’s Constitution sets out the standards of behaviour expected of elected Councillors and Officers through Codes of Conduct and Rules of Procedure. • Committee meetings were held in line with the Council’s Code of Conduct, for example, declarations of interest were sought at each meeting and declarations made by elected Councillors. • All officers who started employment with the Council were provided with a local induction setting out, amongst other things, expected standards of behaviour.
Officer Guide.	Behaving with integrity	<ul style="list-style-type: none"> • Each new recruit is provided with a the ‘Basic Rules – A Guide for Employees’ booklet that gives each employee information in relation to (amongst other things) expected behaviour, use of social media, appearance and attendance. The expectations of each employee are therefore set out from the outset.
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.	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • The Council’s Constitution sets out the Rules of Procedure to be followed by elected Councillors and Officers when conducting the Council’s business. The arrangements, as set out in the Rules of Procedure, were compiled with during the year and publicly demonstrate an accountable and open approach in the delivery of Council services.

¹ Sub-principle – as set out in ‘*The Delivering Good Governance in Local Government Framework (2016)*’.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
<p>Standards Committee - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors.</p>	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> • A Standards Committee was in place during the year, its Terms of Reference supported by an agreed and published Work Programme for 2021/22 and the Committee met on 3 occasions. • The work programme gave focus to areas that promote high standards of conduct, for example, Public Services Ombudsman for Wales (PSOW) updates; consideration of Dispensation Applications; and reviewing and endorsing a Memorandum of Understanding developed by the Democratic Services Committee to promote diversity in democracy, promote high standards of behaviour and mutual respect between elected Councillors (the Memorandum of Understanding was subsequently endorsed by full Council in February 2022). • Information on the outcome of investigations undertaken by the PSOW relating to RCT Elected Members and Community/Town Councillors within RCT (for whom the Monitoring Officer has responsibility) were reported to the Standards Committee during the year (24th September 2021, 19th November 2021 and 16th March 2022 along with other relevant information i.e. Code of Conduct Casebook updates, Summary of Complaints and the PSOW Annual Report and Letter 2020/21).

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
<p>Comments, Compliments and Complaints – setting out how the Council handles and responds to feedback (complaints, compliments and comments).</p>	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> • Arrangements were in place for Comments, Compliments and Complaints to be publicly reported and scrutinised by elected Members in the form of annual reports for the 2020/21 financial year: <ul style="list-style-type: none"> ○ Non-social services related - to the 21st September 2021 Overview and Scrutiny Committee meeting and the report concluded ‘<i>All customer feedback provides valuable information from which services can improve and develop. This data also enables services and the Council as a whole to better understand the needs of its residents and to assist in both the planning and delivery of essential services</i>’. ○ The PSOW Annual Letter to the Council and Annual Report were reported to the Council’s Cabinet on 15th November 2021. This report enabled Cabinet to further review and assess how the Council is managing, and learning from, the feedback it receives. The report highlighted that, ‘<i>in total, 5% of the Council’s cases during the period required PSOW intervention, compared against 12% as reported in the previous period, so a significant drop. The average intervention rate for local authorities was 13%</i>’. The Council has consistently been in the lower quartile, out of the 22 Welsh local authorities, in respect of the complaints it receives (as a proportion of complaints per 1,000 residents). ○ Social Services related - to the 4th October 2021 Cabinet meeting – the report concluded that Social Services continue to provide a robust and effective complaints procedure in line with the statutory requirements. • In line with the Local Government and Elections (Wales) Act 2021, the 26th May 2021 full Council meeting agreed to amend the terms of reference of the GAC to include responsibility for Complaints handling and an overview of the arrangements was reported to this Committee on 7th February 2022.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Gifts and hospitality Policy.	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • 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.
Whistle-blowing 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.	Respecting the rule of law	<ul style="list-style-type: none"> • The Council’s Whistle-blowing Policy and Procedure was updated and approved during the year and staff awareness was undertaken via a Council wide email to employees on 9th March 2022 and whistle-blowing was part of staff induction arrangements. • The 23rd March 2022 GAC meeting considered the Whistleblowing Annual Report 2021/22 and concluded that the Whistleblowing Policy and Procedure continues to be fit for purpose and that the Council’s whistleblowing arrangements are appropriate. • The arrangements in place demonstrate the Council’s commitment to promoting the highest standards of service and ensuring that workers know how they can bring matters of alleged wrongdoing to the attention of the Council.
Anti-fraud, Bribery & Corruption Strategy.	Respecting the rule of law	<ul style="list-style-type: none"> • Anti-fraud, Bribery and Corruption Strategy updates were reported to the GAC during the year (a mid-year update on 6th December 2021 and a year-end update including a proposed work programme for 2022/23 on 23rd March 2022). • The overall conclusion set out in the March 2022 report, based on the work undertaken during the year, was that the Council has taken necessary preventative steps to raise awareness around vigilance and appropriate sharing of intelligence across the anti-fraud network. This report was endorsed by the GAC.

5.11 Core Principle B. Ensuring openness and comprehensive stakeholder engagement

5.11.1 The Council is committed to being open and engaging effectively with stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
<p>A Publication Scheme that aims to advise citizens how to request public information the Authority holds.</p>	<p>Openness</p>	<ul style="list-style-type: none"> • The Council’s website provided information on its Publication Scheme setting out the information published by the Council and how to access it, and also on the Freedom of Information Act 2000 that advised residents how to request public information that the Council may hold. <p><u>Freedom of Information</u></p> <ul style="list-style-type: none"> • The Council received 919 Freedom of Information (FOI) / Environmental Information Regulations (EIR) requests during the year. Updates were reported to the Council’s Information Management Board on a quarterly basis to enable the Board to maintain an overview of the Council’s compliance with the relevant legislation. • The Council received 6 complaints which had been referred to it by the ICO: 5 related to the timeliness of requests being responded to by the Council (all of which were subsequently responded to) and 1 where the ICO agreed that the Council did not hold the information. <p><u>Public Services Ombudsman for Wales (PSOW)</u></p> <ul style="list-style-type: none"> • The Ombudsman received 48 complaints relating to the Council: 37 cases where there was no investigation deemed required following review by the PSOW; 2 cases where apology letters were sent to the complainant; 7 cases referred back to be dealt with as part of the Council’s complaint procedures; and 1 case on-going.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Clear and open Corporate & Service Specific Privacy Notices .	Openness	<ul style="list-style-type: none"> • The UK General Data Protection Regulation (GDPR) came into effect on the 1st January 2021 replacing the European Union GDPR. During 2021/22 the Council demonstrated compliance with the requirements of the UK GDPR: <ul style="list-style-type: none"> ○ Organisational governance was in place which included designated roles of Data Protection Officer and Senior Information Risk Owner. ○ Robust measures were in place that supported compliance with legislation, this included a Data Protection Register, Data Protection Impact Assessments, Privacy Notices, recording of personal data breaches, processing of information rights requests and appropriate interfaces with ICO.
Forward plans for Committee meetings together with the matters to be considered, where appropriate.	Openness	<ul style="list-style-type: none"> • The Council had in place published forward plans of Committee meetings together with the matters to be considered to, amongst other things, assist members of the public to engage in the democratic processes of the Council. This included for example: Full Council – work programme updates reported: 30th June 2021 and verbal updates to the 20th October 2021, 24th November, 15th December, 19th January 2022, 9th February and 9th March meetings; Cabinet – work programme updates reported: 17th June 2021, 21st September 2021 and 13th December 2021; and Overview and Scrutiny Committee - 5th July 2021 and a review of the work programme undertaken at the 9th December 2021 meeting (noting that the Overview & Scrutiny Committee also had a coordinating role to ensure there was no duplication of work across thematic scrutiny committees).

5.11.2 The Council also had in place a range of stakeholder engagement arrangements:

- Sub-principle: *Engaging Comprehensively With Institutional Stakeholders*: the Council is a substantive member of the Cwm Taf Public Services Board and actively engages to shape shared priorities, outcomes and allocation of resources, for example, the recently undertaken Well-being Assessment for Cwm Taf Morgannwg, for which the Council and its Joint Overview and Scrutiny Committee were involved in the working groups informing the work. Similar engagement takes place with Cwm Taf Morgannwg Regional Partnership Board, particularly around the allocation of the Regional Investment Funds. The Council also engages with partner organisations on specific areas where there are shared goals, such as, with the Health Service on developing an

integrated health and social care locality model and redesigning Community Mental Health Services; using RCT Neighbourhood Network Groups developed to support the Community Hub model that works with local community groups to meet identified needs, including a social prescribing model; and an integrated Substance Misuse Service and Community Safety Partnership.

- Sub-principle – *Engaging Stakeholders Effectively, Including Individual Citizens And Service Users*: the Council has a dedicated Lets Talk RCT engagement website that supports an on-going programme of engagement with residents, communities and Community Councils to find out what matters to them and use feedback to help shape services. During 2021/22 this included:
 - Lets Talk Budget – that helped inform the 2022/23 Revenue Budget Strategy.
 - Lets Talk Climate Change – this is helping to inform the Council’s programme of work to tackle climate change.
 - Lets Talk Active Travel – to inform plans for walking and cycling routes.
 - Lets Talk Welsh Language Strategy – to help inform where visitors to Rhondda Cynon Taf would like to see more Welsh language services.

5.12 Supporting Principles

C: Defining outcomes in terms of sustainable economic, social and environmental benefits; and

D: Determining the interventions necessary to optimise the achievement of the intended outcomes

5.12.1 The Council believes in open and robust decision-making arrangements to define, determine and deliver outcomes and provide opportunity for continual review to ensure outcomes are optimised.

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2021/22
Performance Management Framework	Defining Outcomes / Determining Interventions / Planning Interventions	<ul style="list-style-type: none"> • The Council has in place a Performance Management Framework (PMF) that covers: the planning arrangements to enable the delivery of Corporate Plan priorities and how it will contribute to the delivery of the Cwm Taf Well-Being Plan; how the Council will meet its statutory reporting duties under the Well-being of Future Generations Act 2015; and roles and responsibilities. The Council’s performance management arrangements for 2021/22 operated in line with the PMF. • The Council’s three Corporate Plan priorities of People, Places and Prosperity are set out within the PMF along with the outcomes to be delivered within each priority and aligned with the performance reporting arrangements in place during the year. • The Council’s Corporate Plan 2020 – 24 ‘Making a Difference’ sets out: <ul style="list-style-type: none"> ○ The Vision for the County Borough in 2024 and the priorities and objectives it will focus on during this period. ○ Key outcomes the Council aims to deliver, across the three priorities, and the actions / interventions to be taken. ○ How the delivery of the Council’s Corporate Plan will contribute to the seven national well-being goals within the Well-being of Future Generations Act 2015.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate Plan and Service Delivery Plans	Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Corporate Plan updates were monitored and reported on a quarterly basis during the year and set out objectives and outcomes, detailed position statements on progress and exceptions to aid stakeholder scrutiny (see 'Quarterly Performance Report (including Risk Register up dates' section). • Service Delivery Plans were in place for each designated service area, following a review and sign-off process, and included detailed actions to support the delivery of Corporate Plan priority outcomes (as well as local / service specific actions and actions associated with the on-going recovery from the pandemic and key risks). Service Delivery Plans were monitored at a service level. • <u>Proposal for Improvement</u> - The collection and reporting of performance indicator information was necessarily paused during the pandemic due to the need to temporarily suspend some frontline service areas and / or changes in service delivery arrangements. For the 2022/23 financial year, the reporting of key performance indicator information should be reinstated to enable a full as picture as possible to be reported of performance.
Risk Management Strategy	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council's Risk Management Strategy was reviewed and updated in line with a 2020/21 Annual Governance Statement proposal for improvement and taking into account recommendations reported in the 2020/21 Internal Audit report 'Risk Management'. • The updated draft of the Risk Management Strategy was reviewed and endorsed by the GAC on 23rd March 2022 and will ensure the arrangements continue to be fit for purpose to support the delivery of Corporate Plan and Service priorities. • <u>Proposal for Improvement</u> – The Council's Strategic Risk Register requires review to take account of revisions incorporated within the updated Risk Management Strategy. The Strategic Risk Register should be reviewed and where appropriate, updated, taking into account the updated principles as set out in the Risk Management Strategy.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Quarterly Performance Report (including Risk Register updates)	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council’s Performance Reports were publicly reported to the Executive and the designated scrutiny committee on a quarterly basis, and provided updates on: Revenue Budget, Capital Programme and Treasury Management performance; Workforce (sickness absence and turnover) information; Corporate Plan updates for the 3 priorities of People, Places and Prosperity, and supported by detailed action plan updates for each priority; additional investment allocated to Corporate Plan priorities; Strategic Risk Register risks that could adversely impact the delivery of Corporate Plan priorities alongside mitigating actions; and enhancing the Council’s response to extreme weather events. • With specific regard to Corporate Plan priority updates reported, positive progress overall can be demonstrated alongside services continuing their recovery from the pandemic. • These arrangements were in line with the PMF and provided opportunity for stakeholders to hold the Council to account for its financial and operation performance. • In parallel with quarterly performance reporting arrangements, the GAC were provided with detailed risk management updates on 9th November 2021 (updated Strategic Risk Register for 2021/22), 7th February 2022 (Information Management) and 23rd March 2022 (updated draft Risk Management Strategy – see Risk Management Strategy section). These arrangements ensured the GAC was kept up to date with the Council’s risk profile and monitored the effectiveness of the risk management arrangements in place.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Annual Revenue Budget Strategy and three-year Capital Programme	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Full Council approved the 2021/22 Revenue Budget Strategy and 3-year Capital Programme (2021/22 to 2023/24) on 10th March 2021. <p><u>Revenue Budget Strategy 2021/22</u></p> <ul style="list-style-type: none"> • The 2021/22 Revenue Budget totalled £527.903Million, the broad objectives of which have been delivered during the year: <ul style="list-style-type: none"> ○ Support the delivery of Corporate Plan priorities (see Supporting Principles C and D - 'Quarterly Performance Report (including Risk Register updates)'). ○ Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management (see Supporting Principle F and paragraph 5.17.8). ○ Continue the delivery of our key services and protect as many local jobs as possible.- this being supported through additional investment in specific service areas and no cuts or reduction in service levels as part of the budget strategy. ○ Take a responsible approach to the level of Council Tax - supported by the Council having the lowest average Band D council tax increase for 4 years (2018/19 to 2021/22) and fifth lowest for 2022/23. • As part of formulating the 2021/22 Revenue Budget, the Council undertook a consultation exercise with local residents / stakeholders that included seeking feedback on the Council's 3 Corporate Plan Priorities: 87% of respondents agreed with the priorities, 6% disagreed and 7% indicated 'don't know'. <p><u>Capital Programme (2021/22 to 2023/24)</u></p> <ul style="list-style-type: none"> • The Capital Programme (2021/22 to 2023/24) totalled £116.024Million and set out the capital investment priorities of the Council over a 3-year period with clear links to supporting the delivery of Corporate Plan priority areas. The programme also included £9.4Million of additional resources to support on-going improvement in services available to residents.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Medium Term Financial Plan	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council has well embedded Medium Term Financial Planning arrangements that inform budget setting arrangements and the allocation of resources, and drive a proactive approach in securing external funding. The latest Medium Term Financial Plan (July 2021) analysed the Council’s resources across Corporate Plan priority areas: 85% of the revenue budget and 98% of the capital budget were allocated to Corporate Plan priority areas. (See also section ‘Supporting Principle F’).
Scrutiny Committees	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council’s Finance and Performance Scrutiny Committee had designated responsibility, in line with its Terms of Reference, to: <ul style="list-style-type: none"> ○ Scrutinise the Council’s financial and operational performance (including Corporate Plan priority updates) on a quarterly basis. ○ Be a consultee as part of the Council’s annual budget consultation process. • Comprehensive information was reported to the Finance and Performance Scrutiny Committee to enable the Committee to fulfil its responsibilities, including training, and lines of enquiry raised by the Committee Members were addressed through the regular attendance of the relevant Cabinet Member and Council Officers. • The Council utilised its scrutiny committee arrangements to pre-scrutinise key areas of work prior to consideration by Cabinet, for example, the Overview and Scrutiny Committee pre-scrutinised the 21st Century Schools and Colleges Programme – Mutual Investment Model on 16th July 2021 and the Finance and Performance Scrutiny Committee pre-scrutinised the draft Digital Strategy 2022-2026 on 30th November 2021. • A Cwm Taf Public Services Board Joint Overview and Scrutiny Committee was in place, coordinated by the Council, to scrutinise the work of the Public Services Board and associated partnership working.

5.13 Supporting Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

5.13.1 The Council puts in place appropriate structures and leadership, and invests in its workforce to support the achievement of its Corporate Plan and Service priorities. The arrangements are kept under on-going review to enable internal and external changes to be planned for, implemented and outcomes optimised.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate and Service Self Evaluation process.	Developing the entity’s capacity	<ul style="list-style-type: none"> • The Council’s PMF sets out how it develops, plans and directs its capacity to support the delivery of Corporate Plan priorities and meet statutory requirements in respect of the Well-Being of Future Generations (Wales) Act 2015 and preparing for the introduction of the Local Government and Elections (Wales) Act 2021 through: <p><u>Service Self-Evaluation</u></p> <ul style="list-style-type: none"> ○ Completed on an annual basis (and is subject to a review, challenge and sign-off process by the Chief Executive / Senior Leadership Team) and has set out ‘How services are performing’, ‘how do they know’ and ‘what are they going to do to improve’, and taken account of key cross-cutting themes including Resources, Welsh Language and Equalities. ○ The outcome of the service self-evaluation process has informed Corporate Plan priority plans, service delivery plans (including identification of risk and mitigating actions) and individual performance review processes. ○ From a resource perspective, the Service Self Evaluation arrangements have informed medium to long term financial planning arrangements, for example: developing and delivering the Council’s digitalisation of services and asset management arrangements; an on-going focus on sustainable social services and investment in schools; further investment in public health services informed by the impact of the pandemic and also an on-going programme of work to tackle climate change; and service specific areas such as the impact of the Additional

		Learning Needs and Education Tribunal (Wales) Act 2018 Act, Flood Alleviation works and increasing the rates of recycling.
Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate and Service Self Evaluation process (continued).	Developing the entity's capacity	<p><u>Corporate Assessment</u></p> <ul style="list-style-type: none"> ○ The Council's Corporate Assessment is an evaluation of the 'corporate body' of the Council and seeks to consider the extent to which corporate services are supporting the business of the Council to improve outcomes for residents and also enabling the Council to meet its statutory requirements. The last Corporate Assessment was reported in 2019 and an updated Corporate Assessment is to be reported in 2022.
Corporate Plan	Developing the entity's capacity	<ul style="list-style-type: none"> ● There continued to be strong and focussed leadership from the Cabinet and Senior Leadership Team in delivering Corporate Plan priorities, in parallel with supporting communities in their on-going recovery from the pandemic, and ensuring robust planning and monitoring arrangements were in place to enable the Council to 'live within its means'. This included: completion of key projects such as a new extra care facility in Pontypridd, a new supported accommodation scheme in Mountain Ash to support maintaining people's independence and the redevelopment of Llwynypia Courthouse (Tonypandy) providing over 100 people with flexible business space across a range of businesses; targeting resources in key areas such as vulnerable 5 to 14 year olds with care and support needs, helping children return to school who have increased anxiety levels as a result of the pandemic and helping people that are homeless; administering £27Million of financial support packages to residents and businesses, primarily funded by Welsh Government, to provide help and assistance during the pandemic and the cost of living crisis; and a focus on collaboration and partnership working such as via the Cardiff Capital Region City Deal. ● Detailed updates on the delivery of the Council's Corporate Plan priorities were reported and scrutinised by the Council's Cabinet and Finance and Performance Scrutiny Committee on a quarterly basis during the year (see also Supporting Principles C and D).

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Workforce Plan 2017-22.	Developing the entity's capacity	<ul style="list-style-type: none"> • The Council's Workforce Plan 2017-22, 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. • Workforce planning, linked to the impact of the pandemic, has been identified as a risk within the Council's Strategic Risk Register, and updates were reported on a quarterly basis during the year as part of performance reporting arrangements. • Officers across services work closely with Human Resources and Finance officers to review and reconfigure staffing structures on an on-going basis to ensure provision aligns with need and support more efficient service delivery arrangements. In parallel, there was on-going investment in apprentices and graduates in line with service workforce requirements. • During 2021/22 staff development has been supported virtually 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.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Programme of elected Councillor and Officer training and development.	Developing the capability of the entity's leadership and other individuals	<p><u>Elected Councillors</u></p> <ul style="list-style-type: none"> • A Member survey was undertaken in April / May 2021 to ensure the Council continued to provide appropriate support to all elected Members. Overall 42 Members provided feedback that included: <ul style="list-style-type: none"> ○ 88% indicated that a hybrid approach to committee meetings would be the preference. ○ 100% of responses indicated that Members were happy with the support provided in respect of committees, scrutiny, general member support provision, member updates and research facilities. ○ 90% were content with the level of training provided. ○ Areas for development were: an etiquette policy to ensure appropriate conduct at all committee meetings is adhered to; Member updates and ward specific updates through the Members Portal. These areas of development have been progressed during the year. • There has been continued focus on supporting the capabilities of elected Members through Personal Development Reviews, specific requests from Committees and also support provided on a 1 to 1 basis. The support arrangements have included: overview of scrutiny arrangements and roles and responsibilities; refresher code of conduct training; and Welsh Language and Treasury Management training and ICT related support (bitesize courses on Zoom / Teams training, introduction to ipad and staying safe in a virtual word and digital accessibility tools). Opportunity has also been taken to deliver training both face to face and virtually. • Work continued to develop the Members Portal and access has been provided to elected Members following the Local Government elections in May 2022. • Preparatory work was undertaken on a new Member induction programme following the Local Government elections in May 2022. <p><u>Officers</u></p> <ul style="list-style-type: none"> • As set out in the 'Workforce Plan 2017-2022' section.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Schemes of Delegation	Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> Part 3 of the Council's Constitution 'Responsibility for Functions' set out General Scheme of Delegation of Executive and Non-Executive Functions to Officers and these were kept under on-going review during the year.

5.14 Supporting Principle F: Managing risks and performance through robust internal control and strong public financial management

5.14.1 The Council's governance structures support robust financial and performance management arrangements to enable efficient and effective service planning and delivery and the achievement of outcomes. Risk management and robust internal control are integral parts of these arrangements.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate and Service Self Evaluation process.	Managing risk	<ul style="list-style-type: none"> As set out in section 'Supporting Principle E'
Risk Management Strategy.	Managing risk	<ul style="list-style-type: none"> As set out in section 'Supporting Principles C and D'.
Service Delivery Planning.	Managing performance	<ul style="list-style-type: none"> As set out in section 'Supporting Principles C and D'.
Quarterly Performance Report (including Risk Register up dates).	Managing performance	<ul style="list-style-type: none"> As set out in section 'Supporting Principles C and D'.
Corporate Performance Report (i.e. year-end annual report).	Managing performance	<ul style="list-style-type: none"> The Council produces a year-end report that assesses the progress made to deliver Corporate Plan priorities in the previous year and also sets out its plan for the year ahead. This report was consistent with information published during the year, as part of quarterly Performance Reports, and the latest year-end report (for the 2020/21 financial year) was presented to and agreed by full Council on 20th October 2021.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Audit Committee and an Internal Audit function.	Robust internal control	<p data-bbox="904 233 1144 264"><u>Audit Committee</u></p> <ul style="list-style-type: none"> <li data-bbox="864 272 2042 416">• The Council's GAC considered and approved an Annual Report for 2021/22 on 23rd March 2022 that provided an overview of its work during the year and a self-assessment of its arrangements against the CIPFA 2017 Practical Guidance Note. The conclusions from the Annual Report were: <ul style="list-style-type: none"> <li data-bbox="913 456 2042 560">○ From the review of the coverage of the GAC's work and oversight during the year, the Committee has delivered its Workplan and responsibilities in line with its Terms of Reference. <li data-bbox="913 600 2042 743">○ The outcome of the self-assessment demonstrated that the Council's GAC made good progress to implement the proposals for improvement reported in 2020/21 and has also identified a small number of new proposals for improvement to further reinforce the existing arrangements in place. <li data-bbox="864 791 1323 823">• Proposals for Improvement <ul style="list-style-type: none"> <li data-bbox="913 863 2042 1007">○ The GAC's Learning and Development Plan was put in place in March 2021. Using lessons learned from 2021/22, undertake a training needs analysis of Committee Members to inform a refreshed learning and development plan for 2022/23. <li data-bbox="913 1015 2042 1158">○ No on-line library of learning and development information in respect of role / responsibilities of GAC is available for elected Members. Develop a library of on-line learning and development information for Committee Members as part of learning and development support arrangements.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Audit Committee and an Internal Audit function (continued).	Robust internal control	<p data-bbox="860 233 1059 264"><u>Internal Audit</u></p> <ul data-bbox="860 309 2042 1007" style="list-style-type: none"> <li data-bbox="860 309 2042 451">• A review of information presented by the Regional Internal Audit Shared Service to the GAC concluded that it was in line with the approved work programme and played a key part in enabling the Committee to fulfil its Terms of Reference. The information reported to the Committee by Internal Audit included: <ul data-bbox="913 491 2042 783" style="list-style-type: none"> <li data-bbox="913 491 2042 564">○ The Internal Audit Charter 2021/22 that provided the Committee with information to assess the independence of the internal audit function. <li data-bbox="913 564 2042 596">○ An Internal Audit Annual Plan 2021/22 and progress updates. <li data-bbox="913 596 2042 707">○ Details of all audit assignments finalised during the year to enable the Committee to consider and gain assurance on the standard of internal control across the Council. <li data-bbox="913 707 2042 783">○ Information on the overall assessment of Internal Audit's work for 2021/22 is set out at paragraphs 5.17.4 to 5.17.7. <li data-bbox="860 826 2042 1007">• The last external assessment of the Internal Audit Service was undertaken in 2016/17 and was reported to the 20th March 2017 Audit Committee. This assessment concluded that there were no significant deviations from the Standards and the next external assessment is being planned for the 2022/23 financial year.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Information Management Plan (including General Data Protection Regulation - GDPR).	Managing Data	<ul style="list-style-type: none"> • The Council has an approved Digital Strategy 2022-26 that sets the direction to obtain maximum value from data and seeking to ensure decision making is fully informed by data driven approaches whilst providing appropriate protection around its integrity and confidentiality. • The Council had arrangements in place for technical and cyber assurance through secured accreditations to the Public Service Network and Cyber Essentials that provide assurance that the Council meets required standards for security. • With regard to the management of data, the Council continued to focus upon local, regional and national responses to the COVID-19 pandemic, in particular, effectively enabling services such Track, Trace Protect' (TTP), Community Resilience Hubs, Mass Testing & Vaccinations and supporting the Council's workforce. • The ICO investigated 8 cases in respect of the Council during 2021/22 and determined in all cases no further regulatory action was required and was satisfied with the Council's investigation of the breaches and the remedial measures identified. • With regard to GDPR, this is set out in 'Core Principle B'.
Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules.	Strong public financial management	<ul style="list-style-type: none"> • The Council complied with the approved Budget and Policy Framework Procedure Rules for the 2021/22 budget setting process and was set out in the report to Cabinet on 28th January 2021. • The Council's Finance Service and Procurement Service provided support and advice to services on the Procedure Rules and the Internal Audit Service tested compliance with the Council's Procedure Rules as part of delivering the 2021/22 Internal Audit Plan (see paragraphs 5.17.4 to 5.17.7 for the overall outcome from the work of Internal audit during 2021/22). During the year, an overview of the Council's Financial Procedure Rules was provided to the GAC on 9th November 2021 to support the Committee in the delivery of its terms of reference.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Medium Term Financial Plan (MTFP)	Strong public financial management	<ul style="list-style-type: none"> • The Council updated its MTFP and was reported to Cabinet in July 2021, full Council in September 2021, the Finance and Performance Scrutiny Committee in October 2021 and the School Budget Forum in November 2021, providing opportunity for scrutiny and stakeholder understanding of the Council's forecasted financial position, risks and opportunities. • The Council's MTFP updates have consistently supported: <ul style="list-style-type: none"> ○ The identification of future forecasted budget gaps (taking account of estimated expenditure requirements and funding levels) that have accurately informed savings requirements and ensured the programme of improvement and investment was affordable. ○ An on-going assessment and public reporting and scrutiny of reserve levels (including a plan to replenish general reserve balances to the minimum level as determined by the Council's Section 151 officer over the 3-year period of the current MTFP). This approach has also enabled additional one-off investment in Corporate Plan priority areas; for 2021/22 this totalled £15.9Million and were agreed by full Council on 10th March 2021 (£9.4Million) and 29th September 2021 (£6.5Million). This additional one-off investment, along with other allocated resources, contributed to capital expenditure investment of £106Million for 2021/22 (annual capital programme investment of over £100Million delivered for each of the past 5 financial years). ○ The setting and delivery of balanced revenue budgets. <p>The consistent delivery of the above outcomes provides assurance on the robustness of the arrangements in place and a demonstrable commitment to prioritise resources to Corporate Plan areas.</p>

		<ul style="list-style-type: none"> • Audit Wales completed a 'Financial Sustainability Assessment' review of the Council's arrangements and was reported to the GAC on 9th November 2021. Key information from the report: <ul style="list-style-type: none"> ○ Overall conclusion: 'the Council continues to be well placed to manage its financial sustainability'. ○ Two proposals for improvement: <p>'Planning Assumptions - The Council needs to be assured that it has contingency plans in place to be able to manage less positive scenarios than it planned for in its medium-term financial planning'.</p> <p>'Medium term financial planning – discussions are on-going about the Council's estates, workforce and digital capabilities and these need to be formalised in the Council's financial planning arrangements'</p> • The Council set out its response to the proposals for improvement as part of a wider progress update on Audit Wales reports issued to the Council and was presented to the GAC on 23rd March 2022.
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Compliance with the CIPFA Financial Management Code of Practice

- 5.14.2 The CIPFA Financial Management Code (the Code) was launched in November 2019 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 5.14.3 The Code sets the standards of financial management for local authorities and is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:
- Financially manage the short, medium- and long-term finances of a local authority;
 - Manage financial resilience to meet foreseen demands on services; and

- Financially manage unexpected shocks in their financial circumstances.

- 5.14.4 Each local authority must demonstrate that the requirements of the Code are being satisfied, with compliance being a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team. However, the Code is not expected to be considered in isolation and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making and a holistic view is taken. In addition, whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the Code and to identify what action it may wish to take to better meet the standards that the Code sets out.
- 5.14.5 Full compliance is expected for the 2021-22 financial year and in its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*), CIPFA has stated that Annual Governance Statements should include the conclusions of the evaluation of compliance with the Code (incorporating any actions needed to ensure compliance with the Code) and, accordingly, this is set out in paragraph 5.14.6.
- 5.14.6 The Council has undertaken an assessment of its current arrangements against the Standards set out in the Code. The assessment process has demonstrated compliance with all of the standards through a robust and accountable approach to financial management alongside sound medium term financial planning arrangements that take account of the very challenging climate the Council has and will continue to operate within. The assessment process has also identified areas for improvement, to enable existing arrangements to be further enhanced, and are included in Section 6.

5.15 Supporting Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

5.15.1 Accountability within RCT is about ensuring that those making decisions and delivering services are answerable for them, with external and internal audit being integral parts of the arrangements.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2021/22
Reporting protocols and calendars (including forward looking work programmes, for example, for Cabinet and Scrutiny Committees).	Implementing good practice in transparency	<ul style="list-style-type: none"> As set out in section 'Core Principle B'.
Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report.	Implementing good practice in transparency	<ul style="list-style-type: none"> Annual Reports were prepared and publicly reported to support accountability and open and transparent performance arrangements, for example², Corporate Parenting Board Annual Report 2020/21 (Corporate Parenting Board 12th July 2021), Equality Report 2020/21 (Overview and Scrutiny Committee 28th February 2022), Vale, Valleys and Cardiff Regional Adoption Collaborative Annual Report 2020/21 (Children and Young People Scrutiny Committee 8th December 2021) and Young Carers Annual Report 2021/22 (Corporate Parenting Board 14th March 2022).

² Annual Reports – annual reports referenced in other sections of the Annual Governance Statement, for example, the Governance and Audit Committee Annual Report, have not been noted for the purposes of this section of the document.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2021/22
Statement of Accounts.	Implementing good practices in reporting	<ul style="list-style-type: none"> • The external audit of the Council's Statement of Accounts have consistently, year-on-year, received an unqualified 'true and fair' audit opinion (i.e. clean bill of health); the latest unqualified audit opinion, relating to the 2020/21 financial year, was reported to full Council on 29th September 2021. • During 2021/22, prior to the Council's audited statement of accounts being approved by full Council, key arrangements included: <ul style="list-style-type: none"> ○ Reporting the Council's certified draft statement of accounts to the 12th July 2021 GAC meeting (alongside Rhondda Cynon Taf Pension Fund, Central South Consortium Joint Education Service Joint Committee and the Annual Return for Llwydcoed Crematorium Joint Committee) to provide the Committee with opportunity to comment and consider the certified draft accounts in line with the statutory guidance as per the Local Government Measure 2011. ○ The external auditor, Audit Wales, provided a verbal update on the progress of the audit of the draft Statement of Accounts to the 13th September 2021 GAC meeting. • With regard to the statement of accounts process for the 2021/22 financial: <ul style="list-style-type: none"> ○ The Council published a notice to confirm that its draft 2021/22 Statement of Accounts had not been certified by the statutory date of 31st May, this being in line with Welsh Government's extended deadline for the preparation and certification processes and in compliance with the Accounts and Audit (Wales) Regulations. ○ Governance arrangements are in place for the draft accounts to be reported to the GAC and for Audit Wales to provide an update on the progress of the external audit, prior to the final audited accounts being reported to full Council.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2021/22
Pension Fund Committee.	Implementing good practices in reporting	<ul style="list-style-type: none"> • The Pension Fund Statement of Accounts 2020/21 were reported to and approved by full Council on 24th November 2021 and the outcome of the external audit, undertaken by Audit Wales, was an unqualified audit opinion (i.e. a clean audit opinion). An update was reported to the Pension Fund Committee on 13th December 2021. • A Work Programme for the 2021/22 financial year was presented to and agreed at the 13th July 2021 Pension Fund Committee and a review of reports presented during the year demonstrated delivery of the work programme.
Annual Governance Statement.	Assurance and effective accountability	<ul style="list-style-type: none"> • A progress update on the 2020/21 Annual Governance Statement recommendations was reported to the 6th December 2021 GAC meeting. A year-end position statement is set out at Appendix A and demonstrates that all recommendations, and associated arrangements, had been implemented.
Internal Audit external assessment and Charter.	Assurance and effective accountability	<ul style="list-style-type: none"> • As set out in 'Supporting Principle F'.

5.16 Other Key Governance Arrangements

Amgen Cymru Limited

- 5.16.1 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.
- 5.16.2 The directors of the companies, including a non-executive director, are responsible for ensuring there are sound governance arrangements including a robust system of internal control.
- 5.16.3 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.
- 5.16.4 During 2021/22 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

Pension Fund

- 5.16.5 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.
- 5.16.6 All of these documents can be found at the following link: www.rctpensions.org.uk

5.16.7 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.

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

5.16.9 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.

5.16.10 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.

5.16.11 The Pension Fund Committee met 4 times during the 2021/22 financial year.

5.16.12 In 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.

5.17 Other Key Sources of Assurance

5.17.1 The following other key sources of assurance were in place during the 2021/22 financial year.

Chief finance Officer (Section 151 Officer)

5.17.2 The Chief Finance Officer position within the Council during 2021/22 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*
- *Led 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.*

Monitoring Officer

5.17.3 The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. During the period of the Annual Governance Statement, the Monitoring Officer did not make any such reports.

Head of the Regional Internal Audit Service

5.17.4 The Head of Internal Audit has produced a Head of Internal Audit Report for 2021/22. Subject to the GAC consideration at its meeting in July 2022, the Head of Internal Audit Report states:

- *from the work undertaken during the financial year 2021/22 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 2021/22 is: “Reasonable Assurance”.*

- *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.*

- 5.17.5 The Head of Internal Audit's Annual Report 2021/22 confirmed overall conformance to the Public Sector Internal Audit Standards. Covid-19 continued to influence how audit work was carried out in 2021/22 and all staff have worked from home and on some occasions on a hybrid basis during the year. Audits have been conducted remotely and evidence obtained digitally. Both audit staff and auditees have all continued to adjust well to the new ways of working.
- 5.17.6 The pandemic, remote working and vacant posts did have an impact on the delivery of the internal audit plan for 2021/22 and notwithstanding this, the level of Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion. In respect of audit coverage, Internal Audit provided assurance on the processes put in place across Council services as a result of emerging risks during the year and many of the planned reviews for 2021/22 included a Covid related element in the audit scope and objectives. Audits have taken longer than usual, in particular where services have been under more pressure, or obtaining evidence has been more time consuming. Some planned reviews were not undertaken during the year, some due to requests from services that were under intense pressure. These will be considered in the 2022/23 plan.
- 5.17.7 It is likely that the service will continue to be delivered remotely for the foreseeable future with an element of office based/face to face working as required.

External Audit

- 5.17.8 Audit Wales provided updates to full Council and the GAC to enable elected Members to review and scrutinise its work and also seek assurance from Council Officers that agreed recommendations reported by Audit Wales were being implemented by Council services. Updates included:
- Full Council - overall, compliance with statutory requirements met and no significant issues to report
 - [29th September 2021](#) – 'Audit of Accounts Report – Rhondda Cynon Taf County Borough Council'
 - [24th November 2021](#) - 'Audit of Accounts Report – Rhondda Cynon Taf Pension Fund'
 - [19th January 2022](#) – 'Audit Wales – Annual Audit Summary 2021 (Rhondda Cynon Taf County Borough Council)'
 - Governance and Audit Committee – regular and comprehensive updates reported and feedback provided to elected Members on the actions being taken by the Council to implement recommendations reported by Audit Wales in respect of Rhondda Cynon Taf County Borough Council.

- [26th April 2021](#) – ‘Audit Wales – 2021 Audit Plan Rhondda Cynon Taf County Borough Council’ and ‘Audit Wales – 2021 Audit Plan Rhondda Cynon Taf Pension Fund’
- 13th September 2021 - ‘Audit Wales - verbal update on the progress of the audit of the Draft Statement of Accounts for 2020/21’
- [9th November 2021](#) – ‘Financial Sustainability of Local Government – Covid-19 Impact, Recovery and Future Challenges’ and ‘Audit Wales Work Programme and Timetable – Rhondda Cynon Taf County Borough Council’
- [6th December 2021](#) – ‘Council Progress Update: Audit Wales – Annual Audit Summary 2020’
- [7th February 2022](#) - ‘Audit Wales Work Programme and Timetable – Rhondda Cynon Taf County Borough Council’
- [23rd March 2022](#) - Council Progress Update: Audit Wales – Annual Audit Summary 2020 and Annual Audit Summary 2021’

5.17.9 The Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council’s Senior Leadership Team and the GAC.

6. **PROPOSALS FOR IMPROVEMENT 2021/22**

6.1 Further to completing the assessment of the Council’s governance arrangements, Table 1 summarises the proposals for improvement.

Table 1 – Proposals for Improvement

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
Supporting Principles: C:Defining outcomes in terms of sustainable economic, social and environmental benefits; and D: Determining the interventions necessary to optimise the achievement of the intended outcomes Paragraph 5.12.1	Corporate Plan and Service Delivery Plans	The collection and reporting of performance indicator information was necessarily paused during the pandemic due to the need to temporarily suspend some frontline service areas and / or change delivery arrangements.	For the 2022/23 financial year, the reporting of key performance indicator information should be reinstated to enable a full as picture as possible to be reported of performance.	September 2022	Service Director – Finance and Improvement Services
	Risk Management Strategy	The Council’s Strategic Risk Register requires review to take account of revisions incorporated within the updated Risk Management Strategy.	The Strategic Risk Register should be reviewed and where appropriate, updated, taking into account the revisions incorporated within the updated Risk Management Strategy.	September 2022	Head of Procurement

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Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
Supporting Principle: F: Managing risks and performance through robust internal control and strong public financial management Paragraph 5.14.1	Audit Committee and an Internal Audit function.	<p>The GAC's Learning and Development Plan was put in place in March 2021.</p> <p>No on-line library of learning and development information in respect of role / responsibilities of GAC is available for elected Members.</p>	<p>Using lessons learned from 2021/22, undertake a training needs analysis of Committee Members to inform a refreshed learning and development plan for 2022/23.</p> <p>Develop a library of on-line learning and development information for Committee Members as part of learning and development support arrangements.</p>	<p>From September 2022</p> <p>From November 2022</p>	<p>Service Director – of Democratic Services and Communication</p> <p>Service Director – of Democratic Services and Communication</p>

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
<p>Supporting Principle:</p> <p>F: Managing risks and performance through robust internal control and strong public financial management</p> <p>Paragraph 5.14.6</p>	<p>Compliance with the CIPFA Financial Management Code of Practice</p> <p>Standard D - The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).</p>	<p>The structure of the 2021/22 Annual Governance Statement has been revised to more clearly align with the Council's Local Code of Corporate Governance – this process has identified areas where the Local Code can be further strengthened e.g. reflecting the Council's stakeholder engagement arrangements.</p>	<p>The Council's Local Code of Corporate Governance should be reviewed and updated, and thereafter reported to the Governance and Audit Committee for consideration / approval.</p>	<p>January 2023</p>	<p>Service Director – Finance and Improvement Services</p>
<p>Supporting Principle:</p> <p>F: Managing risks and performance through robust internal control and strong public financial management</p> <p>Paragraph 5.14.6</p>	<p>Compliance with the CIPFA Financial Management Code of Practice</p> <p>Standard E - The financial management style of the authority supports financial sustainability.</p>	<p>To ensure appropriate arrangements continue to be in place for elected Members and Budget Holders (Council Officers) to effectively fulfil the finance roles, a refreshed programme of training should be put in place.</p>	<p>Refresh training material and deliver a programme of Officer and elected Member financial awareness training (that includes an 'Introduction to Local Government Finance', 'Understanding the Council's Budgets' and 'Treasury Management').</p>	<p>From September 2022</p>	<p>Service Director – Finance and Improvement Services</p>

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
<p>Principle:</p> <p>F: Managing risks and performance through robust internal control and strong public financial management</p> <p>Paragraph 5.14.6</p>	<p>Compliance with the CIPFA Financial Management Code of Practice</p> <p>Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>The Council's Medium Term Financial Plan covers, on a high level basis, the key areas it will focus on as part of 'balancing the budget' in future budget strategies, for example, workforce, digitisation and Built Asset Review.</p>	<p>The information included within the Medium Term Financial Plan should be developed further to set out in more detail the Council's work in the key areas that will underpin future budget strategies and how they align with its medium term financial planning arrangements (this area was also reported as a recommendation by Audit Wales in its report 'Financial Sustainability Assessment – Rhondda Cynon Taf County Borough Council').</p>	<p>September 2022</p>	<p>Director of Finance and Digital Services</p>

6.2 The Council's Senior Leadership Team has accepted the proposals for improvement and is committed to their implementation during 2022/23. The Senior Leadership Team has also confirmed that an update on progress will be reported to the Council's Governance and Audit Committee during the year to enable elected Members to review and scrutinise the extent of progress being made.

Leader: _____

Chief Executive: _____

ANNUAL GOVERNANCE STATEMENT 2020/21 – YEAR-END POSITION STATEMENT

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p>The Council's Risk Management Strategy was last reviewed and approved by Audit Committee in December 2018.</p>	<p>The Strategy should be reviewed and where required proposed updates reported to the Governance and Audit Committee for consideration. In addition, as part of the review, regard should be given to the findings and recommendations included within the 2020/21 Internal Audit report 'Risk Management'.</p>	<p>December 2021</p>	<p>Head of Procurement Delivery</p>	<p>Completed – updated Risk Management Strategy reported to and endorsed at the 23rd March 2022 Governance and Audit Committee meeting</p>
	<p>Where core financial system internal audit reports are presented to Audit Committee, no separate overview of the required internal controls is provided to aid Members understanding of the area (as originally intended as part of the 2020/21 work programme)</p>	<p>As part of compiling the 2021/22 Governance and Audit Committee work programme, finalised internal audit assignments for core financial systems should be supplemented by a more detailed overview of the area prior to the assignment being presented to Committee. This is to aid Members understanding of the main internal control requirements for key financial systems.</p>	<p>From October 2021</p>	<p>Coordinated by the Service Director – Finance and Improvement Services</p>	<p>No core financial system audits completed during the year – however, arrangements have been put in place in readiness for 2022/23</p>

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p>Although an overview of the Council's Contract Procedure Rules was presented to the Audit Committee in 2020/21, no overview of the Financial Procedure Rules was presented.</p>	<p>As part of the learning and development of Governance and Audit Committee Members, an overview of the Council's Financial Procedure Rules should be built into the 2021/22 Work Programme to support Members understanding of these requirements.</p>	November 2021	Service Director – Finance and Improvement Services	Completed – an overview of the Council's Financial Procedure Rules was presented to the 9 th November 2021 Governance and Audit Committee meeting
	<p>In addition, it was noted that a review of the information contained within both documents was not reviewed and reported to Audit Committee during 2020/21.</p>	<p>A review of the content of the Contract and Financial Procedure Rule documents should be undertaken and updates reported to the Governance and Audit Committee for consideration / approval (where deemed required).</p>	December 2021	Service Director – Finance and Improvement Services and Head of Procurement Delivery	Completed – a review of the Contract and Financial Procedure Rule documents have been undertaken and no material updates are deemed required (noting that both documents are subject to on-going review and updating)

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p><u>Compliance with the CIPFA Financial Management Code of Practice</u></p> <ul style="list-style-type: none"> • Standard C - Governance and Financial Management Style ○ No Council wide review of officer schemes of delegation has been undertaken during the past financial year. ○ Currently, progress updates in relation to Audit Wales recommendations are reported to Audit Committee annually. 	<p>Officer Schemes of Delegation should be reviewed and where required updated, approved by the Designated Officers and re-issued to post-holders.</p> <p>Updates on the progress being made by the Council to implement Audit Wales recommendations should be timetabled within the Governance and Audit Committee work programme for 2021/22 and provide a mid-year and year-end update of progress.</p>	<p>January 2022</p> <p>November 2021 / March – April 2022</p>	<p>Coordinated by the Director of Legal Services</p> <p>Director of Finance and Digital Services</p>	<p>Completed (noting that this area is subject to on-going review and updating)</p> <p>Completed – progress updates reported to the 6th December 2021 and 23rd March 2022 Governance and Audit Committee meetings</p>

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p><u>Compliance with the CIPFA Financial Management Code of Practice</u></p> <ul style="list-style-type: none"> • Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members ○ The Council's forward-looking planning period covers 3 / 4 years as part of its Medium-Term Financial Plan. 	<p>As part of the Council's on-going forward planning arrangements, information on the longer-term outlook (5 years+) should be considered and relevant updates reported as appropriate.</p>	<p>March 2022</p>	<p>Director of Finance and Digital Services</p>	<p>Completed - incorporated into the Council's latest Medium Term Financial Plan 2021/22 to 2024/25 - as reported to Cabinet on 20th July 2021, full Council on 29th September 2021 and to the Finance and Performance Scrutiny Committee on 21st October 2021</p>
IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY	<p>As part of the suite of information on the Council's Governance web-age, it is noted that the Local Code of Corporate Governance was published in 2019 and has not been reviewed since this time.</p>	<p>The Council's Local Code of Corporate Governance should be reviewed and where proposed updates are deemed necessary, an updated document reported to the Council's Governance and Audit Committee for consideration / approval.</p>	<p>February 2022</p>	<p>Head of Procurement Delivery</p>	<p>Completed – noting that a further update will be actioned in 2022/23 to take account of the findings of the 2021/22 Annual Governance Statement Review of Effectiveness</p>

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

<p>GOVERNANCE AND AUDIT COMMITTEE</p> <p>18th July 2022</p>	<p>AGENDA ITEM NO. 9</p>
<p>REPORT OF THE HEAD OF THE REGIONAL AUDIT SERVICE in consultation with THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</p>	<p>INTERNAL AUDIT CHARTER 2022/23</p>

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

1. PURPOSE OF THE REPORT

- 1.1 To present to Members the Regional Internal Audit Service Charter for 2022/23.

2. RECOMMENDATION

It is recommended that Members:

- 2.1 Consider and approve the Regional Internal Audit Service Charter for 2022/23 as attached as Appendix A to this report.

3. REASONS FOR RECOMMENDATION

- 3.1 To keep the Governance and Audit Committee informed, and to ensure compliance with the Public Sector Internal Audit Standards (PSIAS).

4. BACKGROUND INFORMATION

- 4.1 The Internal Audit Charter is a formal document that defines the purpose, authority and responsibility of Internal Audit activities. The Internal Audit Charter establishes Internal Audit's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.

- 4.2 The purpose of this Regional Internal Audit Service (RIAS) Charter is to define the purpose, authority and responsibilities of the Regional Internal Audit Shared Service across Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils. The Charter was fully reviewed and amended for 2020/21 to have a consistent Charter for the four Councils and is consistent with the objectives of the Regional Shared Service, that is, to eliminate duplication and apply best practice.
- 4.3 The Charter establishes the position of internal audit activity within each Council along with reporting lines, authorising access to records, personnel and physical property relevant to the performance of audit work and defines the scope of internal audit activities.
- 4.4 The Head of Internal Audit is responsible for reviewing the Charter and presenting it to each Council's Governance and Audit Committee annually for review and approval in line with the Public Sector Internal Audit Standards (PSIAS).
- 4.5 The PSIAS are applicable to all areas of the United Kingdom public sector and are based on the Chartered Institute of Internal Auditor's (CIIA's) International Professional Practices Framework.
- 4.6 The Regional Internal Audit Shared Service is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework and any significant deviations from the Standards will be reported to Governance and Audit Committee.
- 4.7 The Charter is split into the following sections:
- Purpose, Authority and Responsibility;
 - Independence and Objectivity;
 - Proficiency and Due Professional Care; and
 - Quality Assurance and Improvement Programme.
- 4.8 The Charter also has two annexes containing a Glossary of Terms and the Code of Ethics.
- 4.9 The roles of the Governance and Audit Committee in relation to internal audit are to:
- Oversee its independence, objectivity, performance and professionalism;
 - Support the effectiveness of the internal audit work process; and
 - Promote the effective use of internal audit within the assurance framework
- 4.10 One of the key roles which demonstrate the Governance and Audit Committee's oversight is the approval of the Regional Internal Audit Service's Internal Audit Charter.

5. INTERNAL AUDIT CHARTER 2022/23

- 5.1 The Public Sector Internal Audit Standards requires the Head of Internal Audit to review the Charter periodically but final approval resides with the Governance and Audit Committee.
- 5.2 The Regional Internal Audit Service Charter for 2022/23 is attached at Appendix A. The Charter was fully reviewed and amended for 2020/21 to have a consistent Charter for the four Councils. This is consistent with the objectives of the Regional Shared Service, that is, to eliminate duplication and apply best practice.
- 5.3 It has been reviewed again for 2022/23 to ensure it continues to reflect the requirements of the PSIAS and is applicable to all four Councils involved in the Shared Service. No changes were found necessary other than the change of designation of Managing Director to Chief Executive at the Vale of Glamorgan Council due to the Local Government & Elections (Wales) Act requirements.

6. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY

- 6.1 There are no equality and diversity implications or socio-economic 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 An effective Internal Audit Service is a key contributor in ensuring that the Council's assets and interests are properly accounted for and safeguarded. 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 provision of an adequate and effective Internal Audit Function is a legal requirement under the Accounts and Audit (Wales) Regulations 2018 as amended from time to time.

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 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 'The Way Ahead' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT & 5 WAYS OF WORKING

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the work of Internal Audit in providing assurance or otherwise that risks to the achievement of objectives are being managed.
- 10.3 If the Public Sector Internal Standards are not met, the provision of an adequate and effective Internal Audit function is put at risk. The work of Internal Audit which in turn will compromise the work of the Governance and Audit Committee which could become disjointed. This could undermine the positive contribution that both Internal Audit and the Governance and Audit Committee makes to both short and long term service improvement and the Council's Wellbeing Objectives.

11. CONCLUSION

- 11.1 The Internal Audit Charter is the document that defines the purpose, authority and responsibility of Internal Audit services to be delivered by the Regional Internal Audit Service on behalf of Rhondda Cynon Taf County Borough Council.
- 11.2 In line with the Public Sector Internal Audit Standards, the Regional Internal Audit Service has drafted an Internal Audit Charter for Governance and Audit Committee's consideration, and if deemed appropriate, approval for the 2022/23 financial year.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officer – Mark Thomas/Lisa Cumpston

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

18th July 2022

INTERNAL AUDIT CHARTER 2022/23

**HEAD OF REGIONAL AUDIT SERVICE in consultation with THE DIRECTOR OF
FINANCE AND DIGITAL SERVICES**

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

Item: 9

Background Papers

None.

Officer to contact: Mark Thomas (Head of Regional Internal Audit Service)
Lisa Cumpston (Audit Manager Regional Internal Audit Service)

Internal Audit Charter 2022/23

Bridgend County Borough Council



Merthyr Tydfil County Borough Council



Rhondda Cynon Taf County Borough Council



Vale of Glamorgan Council



June 2022

Review and Approval of the Internal Audit Charter

This Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit Service.

The Internal Audit Charter is defined within the Public Sector Internal Audit Standards as follows:

The Internal Audit Charter is a formal document that defines the purpose, authority and responsibility of Internal Audit activities. The Internal Audit Charter establishes Internal Audit's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.

A professional, independent and objective Internal Audit Service is one of the key elements of good governance, as recognised throughout the UK Public Sector.

The purpose of this Regional Internal Audit Service Charter is to define the purpose, authority and responsibilities of the Regional Internal Audit Service (RIAS) across Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils.

The Charter establishes the position of internal audit activity within each Council along with reporting lines, authorising access to records, personnel and physical property relevant to the performance of audit work and defines the scope of internal audit activities.

The Head of Internal Audit is responsible for reviewing the charter and presenting it to each Council's Governance & Audit Committee annually for review and approval.

The Public Sector Internal Audit Standards sets out the Mission of Internal Audit (what internal audit aspires to accomplish within an organisation) and the definition of Internal Auditing.

Mission of Internal Audit

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Definition of Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- A. In each of the four Councils, the role of the Board, as defined within the Public Sector Internal Audit Standards, will be the responsibility of each Council's Governance & Audit Committee and any reference made throughout this document relating to the Governance & Audit Committee assumes the responsibilities of the Board as defined and referred to within the Standards.
- B. The Public Sector Internal Audit Standards require that the internal audit charter defines the terms Board, Chief Audit Executive and Senior Management in relation to the work of internal audit. For the purposes of internal audit work the roles are defined as follows:
- Board – The internal audit activity is established and defined by the Board, (hereafter referred to as the Governance & Audit Committee) which has responsibility for overseeing the work of Internal Audit.
 - Chief Audit Executive – The role of the Chief Audit Executive is undertaken by the Head of the Regional Internal Audit Service.
 - Senior Management – Senior Management is defined as those officers designated as Chief Officers as set out in each Council's Constitution.
- C. The Public Sector Internal Audit Standards became effective from the 1st of April 2013 and were updated in March 2017. The Public Sector Internal Audit Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. Conformance with the Standards, the Definition of Internal Auditing and Code of Ethics is mandatory.

The RIAS is committed to meeting the standards laid down in the Public Sector Internal Audit Standards Framework and any significant deviations from the Standards will be reported to the Governance & Audit Committee.

D. The Charter is split into the following sections;

1. Purpose, Authority and Responsibility;
2. Independence and objectivity;
3. Proficiency and due professional care;
4. Quality assurance and improvement programme.

1. Purpose, Authority and Responsibility (Standard 1000)

- 1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to management and Members on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's objectives.
- 1.2 It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.3 It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance issues.
- 1.4 In addition, the other objectives of the function are to:
 - Support the Chief Finance Officer in each Council to discharge their Section 151 duties;
 - Contribute to and support the organisation with the objective of ensuring the provision of, and promoting the need for, sound financial systems;
 - Investigate allegations of fraud or irregularity to help safeguard public funds in consultation with relevant Council Services;
 - Support the work of the relevant Governance & Audit Committees; and
 - Provide an annual audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 1.5 These objectives will be delivered through maintaining a high quality RIAS function that meets the needs of each Council, supporting the relevant Section 151 Officers and the Governance & Audit Committees in discharging their responsibilities and meeting the requirements of the Public Sector Internal Audit Standards.
- 1.6 Internal Audit is a statutory service. Part 3 of The Accounts and Audit (Wales) Regulations 2018 concerns financial management and internal control. Regulation 5 (responsibility for internal control and financial management) of Part 3 directs that:

'The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes:

*Arrangements for the management of risk, and (b)
Adequate and effective financial management.'*

1.7 Regulation 7 (Internal Audit) of Part 3 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.'

1.8 The work of Internal Audit forms part of the assurance framework, however, the existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

1.9 Section 151 of the Local Government Finance Act 1972 requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In each Council it is the Chief Finance Officer/Head of Finance/Director of Finance or equivalent.

Scope

1.10 The scope for Internal Audit work includes the control environment comprising risk management, control and governance.

1.11 This effectively means that Internal Audit has the remit to independently review all the Council's operations, resources, services and processes in place to:

- Establish and monitor the achievement of Council objectives;
- Identify, assess and manage the risks to achieving 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 assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting.

1.12 All the Council's activities, funded from whatever source, and indeed the entire control environment fall within the remit of Internal Audit.

- 1.13 Internal Audit will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management have taken all necessary steps to achieve these objectives.
- 1.14 The scope of Internal Audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements. This does not imply that all systems will necessarily be reviewed, but that all will be included in the audit needs assessment and hence considered for review following the assessment of risk. The Internal Audit activity is free from interference in determining the scope of internal auditing, performing work and communicating results.
- 1.15 It is not the remit of Internal Audit to challenge the appropriateness of Policy decisions. However, Internal Audit is required to examine the management arrangements of the Council by which such decisions are made, monitored and reviewed.
- 1.16 The Public Sector Internal Audit Standards provide the following definitions for assurance and consultancy work:
- Assurance Services
An objective examination of evidence for the purpose of providing an independent assessment on **governance, risk management and internal control** for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements. **This work will usually result in an opinion** being provided. (These Services may also be provided to other parties and organisations).
 - Consulting Services
Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's **governance, risk management and internal control** without the Internal Auditor assuming management responsibility. Examples include counsel, advice, facilitation and training. The nature of Consulting Services provided includes acting as a 'critical friend' on Project Boards. This work **will not normally result in an opinion** being provided. (These Services may also be provided to other parties and organisations).
- 1.17 The core aim of the work undertaken is to establish a risk based annual Internal Audit Plan that is balanced and covers the control environment of the Council as far as is practicable. In order to undertake a balanced workload, Internal Audit plans to complete a mix of assurance and consultancy work, the outcomes of which contribute to the Internal Audit Annual Report where it

concludes with an opinion on the Council's overall risk, governance and control environment. The Head of Internal Audit should share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.

- 1.18 Internal Audit has right of access to all of the Council's records, information and assets that it considers necessary to fulfil its responsibilities, including those of partner organisations. Internal Audit staff shall have unrestricted access to all Council activities and records (whether manual or computerised systems), personnel, cash, stores, other assets and premises, including those of partner organisations and have authority to obtain such information and explanations as considered necessary to fulfil Internal Audit's responsibilities.

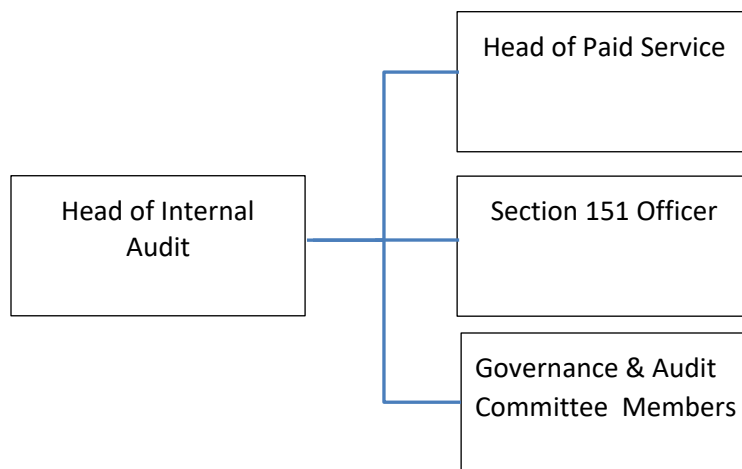
Rights of Access

- 1.19 All staff are required to give complete co-operation to Internal Audit staff to enable the undertaking of an audit.
- 1.20 All partners/agents contracted to provide services on the Council's behalf are also required to co-operate with Internal Audit staff and make available all necessary information. Rights of access to other bodies funded by the Council should be set out in conditions of funding or contract documents.

2. Independence and Objectivity (Standard 1100)

- 2.1 The main determinant of the effectiveness of Internal Audit is that it is seen to be independent and that Internal Auditors must be objective in performing their work. To ensure this, Internal Audit operates within a framework that allows:
- The Head of Internal Audit has direct access to the Chief Executive, the Section 151 Officer and Monitoring Officer;
 - Unrestricted access to Directors, Heads of Service, Managers and Staff;
 - Unrestricted access to Members (including the Leader, Cabinet Members and Governance & Audit Committee);
 - Unrestricted access to Audit Wales (i.e. the Council's External Auditor);
 - Reporting in its own name; and
 - Internal Audit is free from interference when determining the scope of audit reviews, performing the work and communicating the results.
- 2.2 This is achieved through a reporting relationship in each Council as shown in Figure 1 below:

Figure 1 – Internal Audit reporting arrangements



Section 151 Officer

- 2.3 The Section 151 Officer has overall responsibility for the proper administration of the Council’s financial affairs. Internal Audit assists the Officer by providing an opinion on the overall control environment and by regular assurance testing of the key financial systems.

Governance & Audit Committee

- 2.4 The Council operates a Governance & Audit Committee that meets on a cyclical basis. It monitors the performance of Internal Audit in relation to productivity, efficiency and quality. It receives regular reports from Internal Audit including progress in delivering the Annual Audit Plan and is attended by the Head of Internal Audit¹ as well as Officers from the Council.
- 2.5 In addition, the Governance & Audit Committee receives the Internal Audit Annual Report that provides a summary of all assurance and consultancy work undertaken and concludes by giving an opinion on the overall control environment within the Council. If a qualified or unfavourable annual internal audit opinion is issued, the reasons to support this will be stated within the Internal Audit Annual Report.
- 2.6 The Head of Internal Audit has unrestricted access to the Chair of Governance & Audit Committee.

¹ Head of Internal Audit – denotes the Head of the Regional Internal Audit Service

Senior Management

- 2.7 Each Council is divided into various Services and it is the role of the Chief Executive and each Director, Head of Service or equivalent to ensure delivery and operation of the service areas falling within their remit.

Relationships with key stakeholders and Service Managers

- 2.8 The Internal Audit Service develops constructive working relationships with Managers at all levels within the Council in terms of:
- Planning work;
 - Carrying out audit assignments; and
 - Agreeing action plans arising from the work undertaken.
- 2.9 Whilst maintaining its independence, the Internal Audit Service recognises that it must work with Managers to agree improvements that are deemed necessary.

External Auditors

- 2.10 The aim of the relationship between internal and external auditors is to achieve mutual recognition and respect, leading to a joint improvement in performance and to avoid, wherever possible, duplication of work.
- 2.11 The Head of Internal Audit liaises regularly with Audit Wales to consult on audit plans, discuss matters of mutual interest and to seek opportunities for co-operation in the conduct of audit work.

Elected Members

- 2.12 The Head of Internal Audit will aim to have sound working relationships and channels of communication with Elected Members and in particular, Governance & Audit Committee, Cabinet and Scrutiny Committees.

Internal Audit Standards

- 2.13 There is a statutory requirement for Internal Audit to work in accordance with the “proper audit practices”. These are set out in the Public Sector Internal Audit Standards (PSIAS) which the Chartered Institute of Public Finance and Accountancy (CIPFA) developed in collaboration with the Chartered Institute of Internal Auditors (CIIA) and which came into force on the 1st April 2013 and updated in March 2017.
- 2.14 Internal Audit Staff will;
- Comply with relevant auditing standards;
 - Comply and promote compliance throughout the Council with all Council rules and policies;

- Be expected at all times to adopt a professional, reliable, independent and innovative approach to their work; and
- It is essential that Internal Audit staff are seen to be impartial. All Internal Audit staff are required to complete an annual declaration of their interests and must be kept up to date. This is reviewed as part of the annual appraisal and is in line with professional ethics. The Head of Internal Audit is responsible for ensuring that audit staff are not assigned to operational areas or investigations that could compromise their independence (including previous and / or secondary employment elsewhere in the relevant Council or organisation being audited).

2.15 The RIAS has adopted the CIIA's Code of Ethics. Where members of the RIAS have attained membership with other professional bodies such as: CIPFA or the Institute of Chartered Accountants in England and Wales (ICAEW), those officers must also comply with their relevant bodies' ethical requirements.

2.16 Each member of the Team will receive a copy of the Code of Ethics (included at Annex 2) and sign up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as Councils standards and policies such as the Codes of Conduct. Where potential areas of conflict may arise during the year, the auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.

Shared Service

2.17 Internal Audit is delivered through a shared regional service between Bridgend, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan Councils. The host authority for the delivery of the RIAS is the Vale of Glamorgan Council. The governance of the provision of the shared regional service is carried out by the Regional Board. This is made up of the Chief Financial Officers of each Authority or their nominated substitutes who shall be responsible for the strategic direction of the Service.

2.18 The activities of the Regional Board shall include but not be limited to:

- determining the strategic direction of the RIAS;
- monitoring and reviewing standards;
- determining the Authority Charging Rate on the basis of reasonable information provided by the Head of Internal Audit;
- providing general supervision of the provision of the Service; and,
- Resolving conflicts between competing interests amongst the authorities collectively and individually relating to RIAS, the Regional Board and / or the Service.

2.19 The Governance & Audit Committee for each Council reviews the performance and effectiveness of audit activity, including that of the RIAS.

3. Proficiency and Due Professional Care (standard 1200)

- 3.1 Directors, Heads of Service and Service Managers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their Service including the risk of fraud and corruption.
- 3.2 The Head of Internal Audit is required to manage the provision of a RIAS to each Council which will include reviewing the systems of internal control operating throughout each Council, and will adopt a combination of system based, risk based, regularity, computer and contract audit approaches in addition to the investigation of fraud.
- 3.3 In discharge of this duty, the Head of Internal Audit will:
- Prepare an annual strategic risk based audit plan for approval and ratification by the relevant Governance & Audit Committee; and
 - The Annual Audit Plan will be regarded as flexible and may be revised to reflect changing services and risk assessments; elements of the annual plan are also based on items within Corporate or Strategic Risk Registers.

Resources and Proficiency

- 3.4 For the RIAS to fulfil its responsibilities, the service must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources must be effectively developed and deployed to achieve the approved risk-based plan. The Head of Internal Audit is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications and experience to deliver the audit plan and meet the requirements of the PSIAS.
- 3.5 The Head of Internal Audit must hold a full professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to professional values and the Code of Ethics. They must have sufficient skill, experience and competencies to work with Directors, Heads of Service, and other Managers and the Governance & Audit Committee to influence the risk management, governance and internal control of the Councils.
- 3.6 Each job role within the RIAS structure details the prerequisite skills and competencies required for that role and these will be assessed annually in line with Council policy and the PSIAS. Any development and training plans will be regularly reviewed, monitored and agreed with officers.
- 3.7 All Auditors are also required to maintain a record of their continual professional development in line with their professional body.

Due Professional Care

3.8 Internal Auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the assignment objectives;
- Relative complexity, materiality or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management and control processes;
- Probability of significant error, fraud, or non-compliance;
- Cost of assurance in relation to potential benefits; and
- Considering various data analysis techniques and being alert to significant risks that may affect the objectives.

Relationships

3.9 All stakeholders will be treated with respect, courtesy, politeness and professionalism. Any confidential or sensitive issues raised with or reported to Internal Audit staff will be dealt with in an appropriate manner.

Internal – Our main contacts are with:

- Elected Members;
- Chief Officers (as defined in the Council's Constitution)
- Corporate Directors and Section 151 Officers
- Heads of Service and Headteachers;
- Group Managers / Operational Managers and line supervisors;
- Front line employees delivering services to the public; and
- Back office support staff, in particular Financial Services, Legal Services, ICT and HR.

External – Our main contacts are with:

- The Council's External Auditors.
Internal and External Audit work together to ensure audit resources are used to best advantage for the benefit of the Council. The External Auditors have regard to the work performed by Internal Audit when undertaking their final accounts audit.
- Various Government Agencies and Inspectorates.

4. Quality Assurance and Improvement Programme (Standard 1300)

4.1 To enable the Head of Internal Audit to assess the RIAS's activities with conformance to the PSIAS and to aid in the annual assessment of the RIAS's efficiency and effectiveness and identify opportunities for improvement, a Quality Improvement and Management Programme (QIMP) has been developed.

- 4.2 The QIMP includes both internal and external assessments in accordance with the Standards.
- 4.3 Assessment against QIMP forms part of the annual assessment of the effectiveness of internal audit (as contained within the Head of Internal Audit's Annual Opinion Report) which is presented to the relevant Governance & Audit Committee.
- 4.4 Where there are instances of non-conformance to the PSIAS this will be reported to the Governance & Audit Committee and the Regional Board with any significant deviations being detailed within the Annual Governance Statement.

Internal Assessment

- 4.5 All Auditors have access to up to date business processes, working instructions, the Internal Audit Charter, Council policies, the PSIAS, journals, publications and other relevant articles and electronic training material and websites. Where staff are members of bodies such as CIPFA and/or CIIA further guidance is available.
- 4.6 To maintain quality, work is allocated to staff with appropriate skills, competence and experience. All levels of staff are supervised. Work is monitored for progress, assessed for quality and to allow for coaching and mentoring.
- 4.7 Targets are set for individual auditors (such as completion of an audit within a set number of days) as well as for the team. Audit targets and performance indicators will be agreed with the Regional Board and reported to the relevant Governance & Audit Committee.
- 4.8 In addition to the QIMP, progress made against the annual audit plan and any emerging issues (i.e. fraud risks or governance issues) are reported regularly to the relevant Governance & Audit Committee.
- 4.9 Ongoing assessment of individuals is carried out through regular on-going reviews, one to one meetings, feedback from clients via the Client Satisfaction Surveys and formally in the annual personal development review process.

External Assessment

- 4.10 In compliance with the PSIAS, external assessment will be carried out once every five years by a qualified, independent assessor or assessment team from outside of the RIAS Councils. The External Assessment of the previous Shared Service between Bridgend CBC and the Vale of Glamorgan Council took place during in 2017 and in the other respective Councils in 2018/19. The next external assessment will take place in 2022.

Annex 1 - Glossary of Terms

Charter

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Chief Audit Executive

Chief audit executive describes the role of a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The chief audit executive or others reporting to the chief audit executive will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the chief audit executive may vary across organisations. In the context of the RIAS this is the Head of Internal Audit.

Code of Ethics

The Code of Ethics of the Chartered Institute of Internal Auditors (CIIA) are Principles relevant to the profession and practice of internal auditing and Rules of Conduct that describe behaviour expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services.

The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organisation. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values;

- Management's philosophy and operating style;
- Organisational structure;
- Assignment of authority and responsibility;
- Human resource policies and practices; and
- Competence of personnel.

Fraud

Any illegal act characterised by deceit, concealment or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organisations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.

Governance

The combination of processes and structures implemented by the board to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives.

Public sector definition: Governance Statement

The mechanism by which an organisation publicly reports on its governance arrangements each year.

Independence

The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Overall Opinion

The rating, conclusion and/or other description of results provided by the chief audit executive addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the chief audit executive based on the results of a number of individual engagements and other activities for a specific time interval.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Appetite

The level of risk that an organisation is willing to accept.

Risk Management

A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives.

Annex 2 - Code of Ethics

Public sector requirement

Internal Auditors in UK public sector organisations (as set out in the Applicability Section) must conform to the Code of Ethics as set out below. If individual Internal Auditors have membership of another professional body then he or she must also comply with the relevant requirements of that body. The Code of Ethics promote an ethical and professional culture. It does not supersede or replace Internal Auditors' own professional bodies Code of Ethics or those of employing organisations.

The purpose of The Institute of Internal Auditor's Code of Ethics is to promote an ethical culture in the profession of Internal Auditing. A Code of Ethics is necessary and appropriate for the profession of Internal Auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Institute's Code of Ethics extends beyond the definition of Internal Auditing to include two essential components:

Components

1. Principles that are relevant to the profession and practice of Internal Auditing; and
2. Rules of Conduct that describe behaviour norms expected of Internal Auditors.

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of Internal Auditors.

The Code of Ethics provides guidance to Internal Auditors serving others. 'Internal Auditors' refers to Institute members and those who provide Internal Auditing services within the definition of Internal Auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide Internal Auditing services. For Institute members, breaches of the Code of Ethics will be evaluated and administered according to The Institute's Disciplinary Procedures. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable and therefore, the member liable to disciplinary action.

Public sector interpretation

The 'Institute' here refers to the Institute of Internal Auditors. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of this Code of Ethics.

1. Integrity

Principle

The integrity of Internal Auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct

Internal Auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of Internal Auditing or to the organisation.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.

2. Objectivity

Principle

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal Auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct

Internal Auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgement.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Principle

Internal Auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Rules of Conduct

Internal Auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

4. Competency

Principle

Internal Auditors apply the knowledge, skills and experience needed in the performance of Internal Auditing services.

Rules of Conduct

Internal Auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- 4.2 Shall perform Internal Auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3 Shall continually improve their proficiency, effectiveness and quality of their services.

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 18th July 2022	AGENDA ITEM NO. 10
REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE in consultation with THE DIRECTOR OF FINANCE & DIGITAL SERVICES	ANNUAL INTERNAL AUDIT STRATEGY AND RISK BASED INTERNAL AUDIT PLAN 2022/23

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

1. PURPOSE OF THE REPORT

1.1 To provide members of the Governance and Audit Committee with the Annual Internal Audit Strategy and Risk Based Internal Audit Plan for 2022/23.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Consider and approve the draft Annual Internal Audit Strategy (Appendix A) and Risk Based Internal Audit Plan for 2022/23 (Appendix B).

3. REASONS FOR RECOMMENDATIONS

3.1 To keep the Governance and Audit Committee informed and to approve the proposed draft Internal Audit Strategy and Risk Based Internal Audit Plan 2022/23 in compliance with the Public Sector Internal Audit Standards (PSIAS) and the Committee's Terms of Reference.

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 (PSIAS) 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 to obtain 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:
- Corporate Risk Register/Strategic Risk Register;
 - Corporate Plan;
 - Key Financial Systems;
 - Grant Claims that require Internal Audit certification;
 - Follow-up reviews;
 - Audit reviews that are carried forward from the previous audit plan;
 - Feedback from questionnaires issued to Service Directors;
 - 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 as necessary.
- 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 Considering the sources of information noted above supports Internal Audit to achieve the following:
- Comply with the PSIAS in compiling the draft Annual Internal Audit Plan;
 - Enable the Governance & Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2022/23 based on the audit reviews set out in the draft Annual Risk Based Internal 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 Changes to the way the Council is operating since Covid-19, including any risks as a result of remote working and other changes have been considered and included within the draft audit plan for 2022/23.

Current situation/proposal

- 4.8 Attached at Appendix A is the draft Internal Audit Strategy document for 2022/23. It demonstrates how the Internal Audit Service will be delivered and developed in accordance with our Terms of Reference. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Governance and Audit Committee, Senior Leadership Team and External Auditors.
- 4.9 The 2022/23 Risk Based Internal Annual Plan of work has been formulated in compliance with the PSIAS. The draft detailed plan is attached at Appendix B.
- 4.10 The proposed plan continues to recognise particular risks and challenges arising from the remote ways of working. The plan is also flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may arise.
- 4.11 Internal Audit work will generally be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data but will also include in person visits and meetings as required for each audit.
- 4.12 The proposed plan at Appendix B will provide sufficient coverage to be able to provide an opinion at the end of 2022/23.
- 4.13 The Governance and Audit Committee will receive updates on how the plan is being delivered and any changes that may be required.

5. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY

- 5.1 There are no equality and diversity or socio-economic 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, but effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2018 as amended from time to time.
- 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 & FIVE WAYS OF WORKING

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 & FIVE WAYS OF WORKING

- 9.2 The wellbeing goals identified in the Act were considered in the preparation of this report. 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. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

10. CONCLUSION

- 10.1 The draft Annual Internal Audit Strategy and Risk Based Internal Audit Plan for 2022/23 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council’s Internal Audit Charter taking into account the risks and challenges arising following the Covid-19 pandemic.
- 10.2 The Council’s Governance and Audit Committee, in line with its Terms of Reference, is requested to consider and approve the Internal Audit Strategy and Risk Based Internal Audit Plan for 2022/23.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

18th July 2022

DRAFT INTERNAL AUDIT STRATEGY & RISK BASED PLAN 2022/23

**REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE in
consultation with the DIRECTOR OF FINANCE & DIGITAL SERVICES**

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

Item 10

Background Papers

None.

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



RHONDDA CYNON TAF

DRAFT

STRATEGY

&

ANNUAL RISK BASED

INTERNAL AUDIT PLAN

2022/2023

1. Introduction

- 1.1 Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. This opinion forms part of the framework of assurances that the Council receives and should be used to help inform the Annual Governance Statement. The purpose of this document is to provide a detailed Internal Audit Risk Based Plan for 2022/2023.
- 1.2 The audit plan ensures that the risks facing the Council are adequately addressed and internal audit resources are effectively utilised. The standards for “proper practice” in relation to internal audit are laid down in the Public Sector Internal Audit Standards (PSIAS).
- 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). The service reports to the four Governance & Audit Committees and is overseen at a strategic level by the Board which consists of the Chief Finance Officers of the four Councils.

2. Definition of Internal Audit

- 2.1 The Public Sector Internal Audit Standards (PSIAS) defines Internal Audit as follows:

“Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

3. Requirement for Internal Audit

- 3.1 Internal Audit is a mandatory statutory service. Part 3 of The Accounts and Audit (Wales) Regulations 2018 concerns financial management and internal control. Regulation 5 (responsibility for internal control and financial management) of Part 3 directs that:

‘The relevant body must ensure that there is a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes:

- (a) Arrangements for the management of risk, and*
- (b) Adequate and effective financial management.’*

3.2 Regulation 7 (Internal Audit) of Part 3 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.'

3.3 PSIAS state:

"The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk based plan must take into account the requirement to produce an annual internal audit opinion"

3.4 The overall opinion issued each year by the Head of Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.

4. Section 151 Officer Responsibility

4.1 Internal Audit also has an important role to support the Council's Section 151 Officer in discharging their statutory responsibilities, which include:-

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council's expenditure is lawful.

5. Development of the Internal Audit Plan

5.1 The annual internal audit plan has been prepared after considering the risk registers and the views of Corporate Directors and Senior Management as to where audit resource is most needed. In line with the PSIAS, this plan should enable Internal Audit to maximise the value and assurance it provides to the Council, whilst ensuring it fulfils its statutory obligation to review and report on the Council's internal control environment, governance and risk management arrangements. Changes to the way the Council is operating since Covid-19, including any risks as a result of remote working and other changes have been considered and included within the draft audit plan for 2022-23.

6. Risk Based Approach

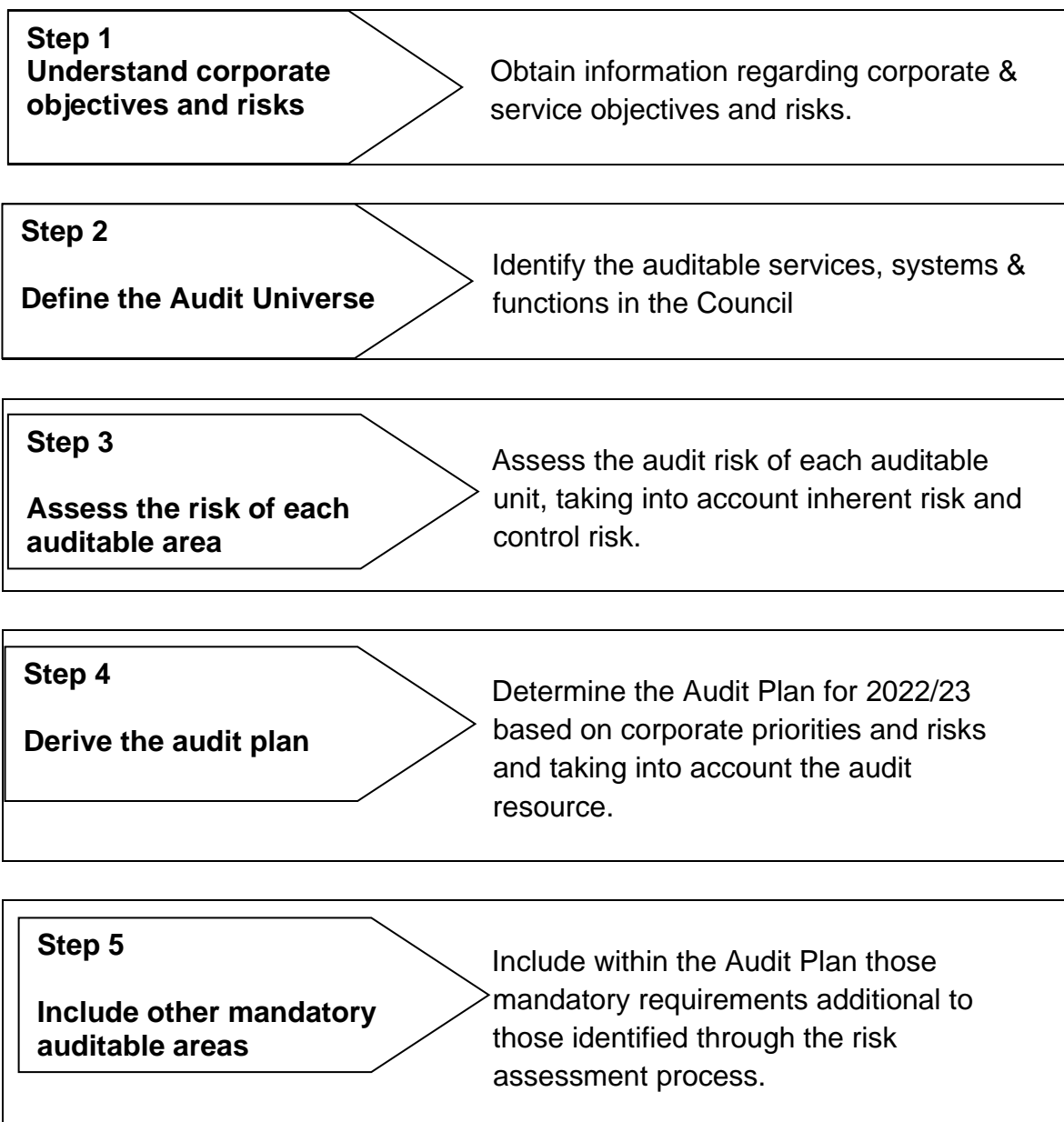
6.1 The internal audit function will be delivered in accordance with the Internal Audit Charter 2022-23, as agreed by the Governance & Audit Committee. The Charter defines the role, scope, independence, authority and responsibility of the internal audit service and audits will be delivered in accordance with the Charter.

6.2 Risk based work is critical to the Council, as it seeks to improve the risk awareness of staff and improve overall control. The internal audit work programme is designed to provide assurance that identified significant risks are being managed effectively. As part of this process Internal Audit will also examine the risk management and governance arrangements.

6.3 By adopting a risk based audit approach there is a clear linkage between the significant risks identified in the Council's Corporate Risk Register and the work undertaken by Internal Audit in providing assurance against these. As a result, the starting point for the audit plan approach is an understanding of the Council's objectives and risks.

7. Methodology

7.1 A summary of our approach to the development of the Audit Plan for 2022/23 is set out below. The Plan is driven by the Council's organisational objectives and priorities as set out in the Corporate Plan and the risks that may prevent the Council from meeting these objectives.



The Risk Assessment Process

- 8.1 The information which has been used to prepare the risk assessment and proposed internal audit plan has been collected and collated from several different sources. The starting point for a risk-based audit approach is an understanding of the Council's priorities and risks. This has been achieved by reviewing the Corporate Plan, the Directorate's Service Plans, the Corporate Risk Register and meeting with Corporate Directors asking where they perceive to be the main risks within their individual areas and where they would require internal audit to provide assurance that such risks are being effectively mitigated and managed. This information is used to inform and design the audit plan.
- 8.2 The plan is based on an underlying risk assessment. The inherent risks existing within each area are then identified for audit as part of the audit planning process. The audits which make up the plan have been assessed on priority. Internal Audit will ensure that all reviews classified as "high" risk, will be completed by the end of the year, "medium risk reviews are the next level down, but still require a scheduled review. Although "low" risk reviews still carry a degree of risk, these have not been included on the plan but continue to be risk assessed annually to take account of any changes in their status.

8. The Annual Internal Audit Plan

- 9.1 In accordance with the PSIAS, the Head of Audit is responsible for developing a risk-based annual audit plan which considers 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, programs, 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.
- 9.2 An annual plan is derived following the audit risk assessment, whereby audits will be selected based on the greatest perceived risk. The Internal Audit Service will ensure that most effort is focused on high risk areas while, at the same time, not ignoring the potential for problems that may materialise in other areas.
- 9.3 Whilst the Internal Audit Service will adopt a risk based approach to determine relative risk, there will remain areas where a purely cyclical approach may still be required e.g. programme of school audits, financial systems and grant verifications.
- 9.4 Consideration is also given to planned external audit work to minimise duplication and to maximise audit coverage.
- 9.5 Attached at Appendix B is the detailed schedule of audits planned to be completed during 2022-2023 for each of the Council's Directorates including Cross Cutting.
- 9.6 The Head of Internal Audit will monitor progress against the audit plan. Where there is a need for material changes to the plan; a revised plan will be re-submitted to the Governance & Audit Committee for endorsement. The Governance & Audit Committee will also be advised of performance against the audit plan and be kept informed of the results undertaken.

9.7 The COVID 19 pandemic has meant that many Council staff have worked remotely since March 2020 and this is likely to continue to a large extent with hybrid working increasing in frequency during 2022/23. Systems & processes have been adjusted to cater for the new ways of working. Similarly, the Internal Audit team will continue to work remotely to a large extent, conducting audits and obtaining evidence digitally but will also include in person visits and meetings as required for each audit. Each audit will continue to consider the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

9. Resource Requirement

10.1 Resource requirements are reviewed each year as part of the audit planning process and are discussed and agreed with the Regional Internal Audit Service (RIAS) Board.

10. Contingencies

10.1 The internal audit plan needs to be flexible enough to enable the internal audit service to be able respond, as required, to situations arising during the period covered by the plan. A contingency reserve element has been built in to assist in dealing with any such matters arising.

11. Audit Approach

12.1 The primary purpose of an audit review is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.

12.2 The approach will be :

- Fieldwork will take place following agreement of the audit objectives.
- A draft report will be prepared and provided to Management for review and comment with an opportunity given for discussion or clarification.
- The final report will incorporate Management comments together with a Management Action Plan for the implementation of recommendations.
- The Governance and Audit Committee will be advised of the outcome of the audit and may receive a copy of the Final Report.
- Any serious issues arising during the course of the audit review will be promptly reported to the Head of Internal Audit to determine the impact on the scope of the review. Serious issues will also be promptly brought to management's attention to enable appropriate remedial action to be taken prior to being formally published in the audit report.
- The audit report will provide an overall assurance opinion, based on the auditor's professional judgement of the effectiveness of the framework of internal control, risk management and governance.

12.3 The audit assurance categories are :

AUDIT ASSURANCE CATEGORY CODE	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

12.4 A Management Action Plan will form an integral part of the report and will be used to record:

- Those risks considered to be inadequately controlled;
- A prioritisation of audit recommendations and the actions management propose to bring the risks within acceptable parameters, the officer(s) responsible for those actions and the dates for completion.

12.5 Audit recommendations will be prioritised as follows :

RECOMMENDATION CATEGORISATION	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.

12.6 The implementation of the agreed recommendations will be monitored. Management will be contacted and asked to provide feedback on the status of each agreed recommendation once the target date for implementation has been reached.

12.7 Any audits concluded with a no assurance or limited assurance opinion will be subject to a follow up audit.

13. Follow Up Reviews

- 13.1 Where significant gaps in the control environment have been identified and where either limited or no assurance has been given, then these audits will be subject to a follow up. The timing of the follow up is very much dependent on available resources, but Internal Audit's aim will always be to complete the follow up within three to six months of completion of the audit (depending on the assurance level).

14. Reports to the Governance & Audit Committee

- 14.1 A status report on internal audit work will be presented to the Governance & Audit Committee on a quarterly basis (approximately). The purpose of these reports is to provide an update on the progress made against the delivery of the Internal Audit Plan. The report will provide details of audits completed to date, the assurance opinions given and the number and type of recommendations made.

15. Reports to the Governance & Audit Committee

- 15.1 A formal annual report to the Governance & Audit Committee presenting the Head of Internal Audit's opinion on the overall adequacy and effectiveness of the framework of governance, risk management and internal control, will be published to enable it to be taken into account when preparing the Council's Annual Governance Statement. The format of the Head of Internal Audit's report will follow that set out in the Public Sector Internal Audit Standards (PSIAS) and will include:

- An opinion on the overall adequacy and effectiveness of the Council's framework of internal control, risk management and governance,
- Disclose any qualifications to that opinion, together with the reasons for qualification;
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Any issues considered by the Head of Audit to be particularly relevant to the Annual Governance Statement;
- A comparison of work undertaken with that planned, with a summary of internal audit performance for the year; and comment on compliance with the Public Sector Internal Audit Standards and Internal Audit's Quality Assurance and Improvement Programme.

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Appendix B - Draft Internal Audit Risk Based Plan 2022.23			
Directorate	Area	Audit Scope / Risk	Priority
Chief Executive	Contract Variations/Payments in Advance	To undertake a review of contract variations and payments in advance made by the Council linked to the pandemic. Review the arrangements in place for authorisation, monitoring and budgetary control and provide assurance of a managed approach	High
Chief Executive	Purchase Cards - Review of Cash Withdrawals	To undertake a review of cash withdrawals made using the Purchasing Card across the Council and establish whether the process for identifying needs, setting spending limits, authorisation of spend and monitoring of expenditure is adequate	High
Chief Executive	Attendance & Sickness Recording	To review the accuracy, timeliness of recording and reporting of sickness absence information, and to ensure that processes are compliant with Council Policy and are being consistently followed	High
Chief Executive	Cost of Living Payments - Administration of the Welsh Government Scheme	To give assurance that a robust administrative control process has been developed, adequate segregation exists and provide assurance through sample testing of the internal control in place prior to payments being processed	High
Chief Executive	Administration of Trust Funds	To undertake a review of the Trust Funds administered by the Council and annual certification / sign off process	Low
Chief Executive	Cyber Security Arrangements	To give assurance that a Cyber Security Strategy has been developed, changes in threats are regularly reviewed and monitored, Cyber Security reporting and governance arrangements are in place and that awareness is disseminated effectively within the Council	High
Chief Executive	Payroll - Review of the Midlands System	To provide assurance that the new controls and reporting arrangements in place for the recently implemented Midlands Payroll system are robust.	High
Chief Executive	Sundry Debtors	To review the processes and procedures in place in respect of the identification and pursuit of outstanding debts to the Council, and identify the measures in place to support and manage bad debt provision where families are experiencing financial difficulty	High
Chief Executive	Review of Grant Schemes Administered on behalf of Welsh Government	To review the arrangements for administering grant payments made on behalf of Welsh Government for a sample of grant schemes and provide assurance that these have been effectively administered	High
Chief Executive	Housing Benefits	To undertake a review of Housing Benefits system and provide assurance to Management of the controls in place	High
Chief Executive	Bank Reconciliation	To undertake a review of the Bank Reconciliation system and provide assurance to Management of the controls in place	High
Chief Executive	Council Tax	To undertake a review of the Council Tax system and provide assurance to Management of the controls in place	High
Chief Executive	Non Domestic Rates (NDR)	To undertake a review of the NDR system and provide assurance to Management of the controls in place	High
Chief Executive	Treasury Management	To undertake a review of the Treasury Management system and provide assurance to Management of the controls in place, with particular reference to the new treasury codes and strategy requirements	High
Chief Executive	Asset Management & Corporate Asset Management Plan	To review the current plan and provide assurance on the proposed changes to deliver on the Council's objectives	High
Chief Executive	Climate Change Strategy	To review and provide assurance on the Council's plans to deliver the Carbon Net Zero programme by 2030, and review the arrangements in place to minimise the use of energy and monitor energy efficiency across the Council. Additionally provide assurance on whether actions included in a sample of service delivery plans align to the strategy	High
Chief Executive	Scheme of Delegation	To verify whether there is an up to date Scheme of Delegation in place and review the Council's compliance with the Scheme of Delegation. To provide assurance that an up to date record is maintained of officers and decisions made, and that for a sample of decisions these are compliant with the Scheme	High

Directorate	Area	Audit Scope / Risk	Priority
Prosperity & Development	Capital Projects	To provide assurance for a sample of Capital Projects that appropriate arrangements to procure and manage projects are in place and that any slippage is appropriately accounted for, monitored and reported	High
Prosperity & Development	School Transport	To review the arrangements in place for awarding contracts and monitoring costs, and provide assurance of the arrangements in place for the provision of School Transport	High
Prosperity & Development	Recycling & Waste	To review the processes in place within RCT for the provision of recycling bags and recycling bins, and undertake a comparable exercise with other Welsh Councils for information purposes. To ensure there are robust procedures in place for any charges relating to the purchase of bags and to undertake a review of the collection and banking of income	Medium
Prosperity & Development	Highways - Transfer of Waste	To review the process for the receipt of waste, management of waste and contractual arrangements for the transfer of waste at Council depots	High
Prosperity & Development	Parking Enforcement	To undertake a review of the administrative back office functions for providing parking within the Council, and on behalf of other Council's and provide assurance to Management that the internal controls and processes in place are effective	Medium
Community & Children's Services	Carers Assessments	To review the support available to carers to enable them to fulfil their caring duties and review the provisions in place to support those who have a caring role and the assessment / payments available	Medium
Community & Children's Services	Deputyship & Appointeeships	To provide assurance that the systems and controls surrounding the management of Deputyship accounts are robust and that they are operated in line with regulations/guidance/policy in order to protect the individual and Council	High
Community & Children's Services	Respite Services	To undertake a review of Respite Services and provide assurance that the internal controls and financial procedures in place are effective	High
Community & Children's Services	Adaption & Community Equipment (ACE)	To review the processes in place and provide assurance on the internal controls and arrangements for the management of caseloads, assessment process and prioritisation of referrals	Medium
Community & Children's Services	Adult Care & Support Services	To review the arrangements for waiting lists, referrals, long term planning and reporting arrangements in respect of Adult Care and Support Services	High
Community & Children's Services	Contract Management Placements	To undertake a review of the controls and process in place in respect of Contract Management Placements and provide assurance to Management that these are effective and subject to regular review	High
Community & Children's Services	Adoption Support & Foster Carer Payments Follow Up	To undertake a follow up review and provide assurance that all recommendations contained within the previous audit report have been fully implemented	High
Community & Children's Services	Referrals to Children's Social Care	To review the process in place for referrals to children's social care and provide assurance that arrangements are in place for management of the prioritisation of referrals, assessment of need, waiting lists and escalation/reporting arrangements	High
Community & Children's Services	Llwydcoed Crematorium	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place. This annual review also informs the Annual Governance Statement and certification of the Small Bodies Return	Low
Community & Children's Services	Temporary Housing Solutions	To determine compliance with the Statutory Duty and provide assurance on the procedures in place to identify, allocate and prioritise cases linked to the availability of housing solutions	High
Education & Inclusion Services	Education Safeguarding Arrangements - Capita One	To undertake a follow up audit and provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place following the previously issued consultancy audit report	High
Education & Inclusion Services	Evolve - Compliance with Procedures for Recording School Visits	To provide assurance that consistent and accurate procedures are being followed within schools and these are compliant with requirements for recording off site visits in schools	High

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Directorate	Area	Audit Scope / Risk	Priority
Education & Inclusion Services	Sickness Absence Protocols & Recording in Schools	To assess compliance with the new system requirements and provide assurance that absences are being recorded accurately, timely and in accordance with Council Policy	High
Education & Inclusion Services	Attendance	To review the processes in place for recording, reporting and monitoring sixth form attendance	High
Education & Inclusion Services	School Admissions	To provide assurance there are effective arrangements in place to manage school admissions and there is a clear and transparent trail in the decision making process	High
Education & Inclusion Services	Step 4 Provisions	To review the bidding and awarding process in place for obtaining alternative curriculum funding and review the termly monitoring arrangements in place	Medium
Education & Inclusion Services	Additional Learning Needs - Implementation of the Reduced Timetable Policy	To provide assurance that effective arrangements are in place to monitor and evaluate additional learning needs services, with specific reference to the implementation of the Reduced Timetable Policy	High
Education & Inclusion Services	Ty Gwyn Pupil Referral Unit - Follow Up	To undertake a follow up review and ensure that all recommendations contained within the previous audit report have been fully implemented	High
Education & Inclusion Services	Park Lane Special School - Follow Up	To undertake a follow up review and ensure that all recommendations contained within the previous audit report have been fully implemented	Medium
Education & Inclusion Services	Ysgol Ty Coch	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Special School Self Assessment Programme & Annual Report	To collate information and prepare the annual information report relating to the self assessment process	Medium
Education & Inclusion Services	Fynon Taf Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Cymer Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Maesybryn Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Penywaun Community Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	St Margaret's RC Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	YGG Evan James	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	YGG Llyn y Forwyn	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	YGG Pontsionnorton	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	YGG Ynyswen	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium

Directorate	Area	Audit Scope / Risk	Priority
Education & Inclusion Services	Abercynon Community Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Aberdare Park Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Abernant Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Blaengwawr Community Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Coed Y Lan Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
Education & Inclusion Services	Primary School Self Assessment Programme & Annual Report	To collate information and prepare the annual information report relating to the self assessment process	Medium
Education & Inclusion Services	Hawthorn High School - Follow Up	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	High
Education & Inclusion Services	Ferndale Community School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	High
Education & Inclusion Services	Ysgol Gyfun Rhydywaun	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	High
Education & Inclusion Services	Secondary/All Through School Self Assessment Programme & Annual Report	To collate information and prepare the annual information report relating to the self assessment process	Medium
Education & Inclusion Services	RCT - Regional Consortia School Improvement Grant (RCSIG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
Education & Inclusion Services	RCT - Local Authority Education Grant (LAEG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
Education & Inclusion Services	RCT - Pupil Development Grant (PDG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
Cross Cutting / Whole Authority Arrangements	Performance Management Arrangements	To review the delivery planning process in place for informing future planning and provide assurance on the adequacy of delivery plans, quarterly planning and reporting arrangements	High
Cross Cutting / Whole Authority Arrangements	Anti Fraud, Bribery & Corruption	To undertake proactive work at the request of Management in respect of anti fraud, bribery & corruption	High
Cross Cutting / Whole Authority Arrangements	Fuel Usage, Control & Monitoring	To review the internal controls in place for the receipt, secure storage, usage and reconciliation of fuel at Council Depots and provide assurance that robust measures are in place	High
Cross Cutting / Whole Authority Arrangements	Corporate Risks	To select a sample of strategic risks and provide assurance on how these are being managed and undertake a follow up review to ensure that all recommendations contained in the previous Risk Management audit report have been fully implemented	High
Cross Cutting / Whole Authority Arrangements	Corporate Safeguarding Arrangements	To undertake an assessment of the Council's overall operating model for safeguarding and evaluate the Council's safeguarding performance.	High

Directorate	Area	Audit Scope / Risk	Priority
Cross Cutting / Whole Authority Arrangements	Disclosure and Barring Service (DBS) Checks	To provide assurance that DBS checks are undertaken for all posts where there is a statutory requirement, ensure consistency across the Council for undertaking DBS checks where there is no statutory obligation and review the policies and procedures for safer recruitment for compliance with legislation, new starters and process for renewals	High
Cross Cutting / Whole Authority Arrangements	Corporate Dashboard	To provide assurance that the integrity of source data used to inform the Corporate Dashboard can be relied on for information and reporting, and the quality assurance arrangements for ensuring the accuracy of data on or at data source	Medium
Cross Cutting / Whole Authority Arrangements	Corporate Complaints	To provide assurance on the process for collecting information and accuracy of data reported to Governance and Audit Committee in respect of Corporate Complaints	Medium
Cross Cutting / Whole Authority Arrangements	Test, Trace, Protect (TTP)	To review the arrangements in place for the transition of staff and equipment and provide assurance that this has been done effectively and that appropriate handover procedures have been followed and all equipment / assets are accounted for	High
Central South Consortium Joint Education Services (CSC)	CSC - Regional Consortia School Improvement Grant (RSIG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.	High
Central South Consortium Joint Education Services (CSC)	CSC - RSIG - Consolidated Statement	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.	High
Central South Consortium Joint Education Services (CSC)	CSC - Pupil Development Grant (PDG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.	High
Central South Consortium Joint Education Services (CSC)	CSC - PDG - Consolidated Statement	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.	High
Central South Consortium Joint Education Services (CSC)	CSC - General Ledger	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the CSC General Ledger function	Medium
South East Wales Corporate Joint Committee (SEWCJC)	Small Bodies Return Assurance Work	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place. This review also informs the certification of the Small Bodies Return	High
Amgen	Amgen - Payroll	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen Payroll function	Medium
Amgen	Amgen - Debtors	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen Debtors function	Medium
Amgen	Amgen - Creditors	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen Creditors function	Medium
Amgen	Amgen - General Ledger	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen General Ledger function	Medium
Amgen	Review of Arms Length Companies & Governance Arrangements	To provide assurance that any changes made by the Amgen Board to operational procedures following a review of the recommendations contained within the Silent valley Waste Report, are effective and compliant	High
Internal Audit Reporting	Annual Governance Statement	The completion of the Council's Annual Governance Statement and submission to Governance and Audit Committee	N/A
Internal Audit Reporting	Annual Opinion Report (HIA)	Preparation for the production of the 2021/22 Annual Opinion Report	N/A
Internal Audit Reporting	Audit Charter & Manual	To review and update the documents as required	N/A
Internal Audit Reporting	Governance & Audit Committee	To prepare and present internal audit reports to Governance and Audit Committee	N/A
Internal Audit Reporting	Audit Planning	To prepare and present the annual risk based plan for 2022/23	N/A
Internal Audit Reporting	Closure of Reports from 21/22	To finalise all draft reports and work in progress at the end of 2021/22	N/A

Directorate	Area	Audit Scope / Risk	Priority
Internal Audit Reporting	Recommendation Monitoring	Monitoring the implementation of internal audit recommendations in consultation with the service areas where recommendations have been made. During the year, Internal Audit will review the process to ensure recommendations are followed up and reported upon to Governance and Audit Committee in a timely, efficient and effective manner	N/A
Internal Audit Reporting	Audit Wales Liaison	To ensure that a 'managed' approach is followed in relation to the provision of internal audit and external audit services	N/A
Internal Audit Reporting	Fraud and Error Contingency	To undertake reactive work where suspected irregularity has been detected	N/A
Internal Audit Reporting	Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers of the Council, including school based staff	N/A
Internal Audit Reporting	Public Sector Internal Audit Service (PSIAS) Compliance	To review compliance with the Public Sector Internal Audit Standards	N/A
Internal Audit Reporting	Emerging Risks / Special Investigations	To enable audit services to flexibly respond to provide assurance as required	N/A