



CYNGOR BWRDEISTREF SIROL
RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL

COMMITTEE SUMMONS

C Hanagan
Service Director of Democratic Services & Communication
Rhondda Cynon Taf County Borough Council
The Pavilions
Cambrian Park
Clydach Vale, CF40 2XX

Meeting Contact: Hannah Williams - Council Business Unit (07385401954)

YOU ARE SUMMONED to a **hybrid** meeting of the **GOVERNANCE AND AUDIT COMMITTEE** to be held on **WEDNESDAY, 15TH MARCH, 2023** at **5.00 PM**.

Non Committee Members and Members of the public may request the facility to address the Committee at their meetings on the business listed although facilitation of this request is at the discretion of the Chair. It is kindly asked that such notification is made to Democratic Services by Monday, 13 March 2023 on the contact details listed above, including stipulating whether the address will be in Welsh or English.

AGENDA

**Page
No's**

1. DECLARATION OF INTEREST

To receive disclosures of personal interest from Members in accordance with the Code of Conduct

Note:

1. Members are requested to identify the item number and subject matter that their interest relates to and signify the nature of the personal interest: and
2. Where Members withdraw from a meeting as a consequence of the disclosure of a prejudicial interest they must notify the Chairman when they leave.

2. MINUTES

To receive the minutes of the previous meeting of the Governance and Audit Committee held on 14th February 2023.

- | | | |
|-----|--|------------------|
| 3. | AUDIT WALES - ANNUAL AUDIT SUMMARY 2022 | 13 - 20 |
| 4. | INTRODUCTORY OVERVIEW - ARRANGEMENTS FOR THE MANAGEMENT OF CUSTOMER COMPLAINTS | |
| 5. | WHISTLEBLOWING ANNUAL REPORT 2022/23 (INCLUDING UPDATED WHISTLEBLOWING POLICY) | 21 - 46 |
| 6. | INTERNAL AUDIT RECOMMENDATIONS | 47 - 54 |
| 7. | GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23 | 55 - 76 |
| 8. | INTERNAL AUDIT CHARTER 2023/24 | 77 - 102 |
| 9. | TO CONSIDER PASSING THE FOLLOWING UNDER-MENTIONED RESOLUTION:

"That the press and public be excluded from the meeting under Section 100A(4) of the Local Government Act, 1972 (as amended) for the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 14 of Part 4 of Schedule 12A of the Act." | |
| 10. | ANTI-FRAUD ANNUAL REPORT 2022/23 | 103 - 118 |
| 11. | URGENT BUSINESS

To consider any items, which the Chairman, by reason of special circumstances, is of the opinion should be considered at the meeting as a matter of urgency. | |

Service Director of Democratic Services & Communication

Circulation:-

County Borough Councillors:

Councillor G Hopkins, Councillor M Maohoub, Councillor S Rees, Councillor B Stephens,
Councillor L A Tomkinson, Councillor P Evans

Lay Members:

Mr C Jones (Chair)

Mr M Jehu

Mr J Roszkowski

Mae'r ddogfen hon ar gael yn Gymraeg / This document is also available in Welsh

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RHONDDA CYNON TAF COUNCIL GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting of the Governance and Audit Committee held on Tuesday, 14 February 2023 at 5.00 pm.

This meeting was recorded, details of which can be accessed [here](#)

County Borough Councillors – The following Councillors were present:

Mr C Jones (Chair)

Councillor G Hopkins Councillor M Maohoub
Councillor S Rees Councillor B Stephens
Councillor L A Tomkinson Mr M Jehu

Officers in attendance

Mr P Griffiths, Service Director – Finance & Improvement Services
Mr A Wilkins, Director of Legal Services and Democratic Services
Ms L Cumpston, Group Audit Manager
Mr M Thomas – The Head of the Regional Internal Audit Service
Ms S Davies – Service Director, Finance Services

Apologies for absence

Councillor P Evans Mr J Roszkowski

27 Welcome

The Chair welcomed attendees to the meeting of the Governance and Audit Committee.

28 Declaration of Interest

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

29 Minutes

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

30 Matters Arising

Agenda Item No.5 (Council Progress Update - Implementation of Recommendations reported by Audit Wales): The Service Director, Finance and Improvement Services referenced Members' request for further information in

respect of the Council's Direct Payments and how it compared to other Local Authorities across Wales. The Service Director confirmed that the latest comparative figures, relating to the 2021/22 financial year, had been circulated to the Committee on the 13th February 2023.

Agenda Item No.8 (Progress against the Internal Audit Risk Based Plan 2022/23): The Head of the Regional Internal Audit Service referred to Members' comments in relation to highlighting the progress of reports with a coloured/traffic light system for Committee Members to identify areas of focus. Officers had taken comments on board and advised that a colour coding system had since been applied and would be explained during the discussion of the item at this meeting.

31 2022/2023 Mid Year Treasury Management Stewardship Report

The Service Director - Finance Services provided Members with the opportunity to scrutinise the Treasury Management activities for the first six months of the 2022/23 financial year, the report for which was presented to Council at its meeting held on the 23rd November 2022 and was reproduced at Appendix 1 for the Committee's consideration.

The Service Director began the overview of the report by stating the definition of Treasury Management, which was: *"The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

The Service Director drew Members' attention to Section 5 of the report which detailed the economic background over the period. The Service Director noted that paragraph 5.5 highlighted the Bank Rate increases up to November 2022 and added that there had since been a further two increases, 0.5% in December 2022 that increased the Bank Rate to 3.5% and 0.5% in February 2023 that increased the Bank Rate to 4%.

Referring to Section 5.6 of the Report, the Service Director explained that most of the Council's borrowing was from the PWLB (Public Works Loans Board) and that long-term borrowing rates were influenced by gilt yields which were expected to fluctuate only by small margins.

In respect of Section 6 of the Report, which detailed that the Council had not taken any short or long-term borrowing from the markets or from PWLB for the first half of the financial year, the Service Director confirmed that this was also the position to date.

The Service Director continued and stated that Sections 8, 9 and 10 of the Report demonstrated the Council's compliance with Prudential and Treasury Management indicators that had been approved by full Council in March 2022, as required by the Treasury Management Code of Practice and Prudential Code.

As part of the low-risk strategy, the Service Director explained that the Council only invests surplus cash with other public bodies or the government's own facility, the Debt management office. Members were referred to Section 12.4 of the Report, which highlighted that the return for the first six months of the year was slightly lower than the benchmark return.

Members were informed that interest rates for investments had increased from the half year point and, as such, investment income had improved. In response, a Member requested clarity on how the increase in interest rates would affect the Council's prudential borrowing. The Service Director advised that the majority of the Council's debt was fixed-rate and, as such, the rise in interest rates in the short-term would have no impact. The officer explained that the forecast for the PWLB rate was to remain fairly flat, which meant that although the rate the Council has on investment income would fluctuate with the base rate, its borrowing, determined by gilt yields and PWLB rates, would be impacted less. The Member also sought clarity on whether any future borrowing and investment would be affected in that regard. The Service Director explained that should the Council need to borrow, officers would consider the rate and maturity profile at that time, and noted that the current strategy was to borrow short-term, as and when funds are needed, avoiding unnecessary cost and reducing credit risk.

Lay Member, Mr M Jehu noted the financial complexities of the previous few years and questioned whether there were any specific changes in circumstances or lessons learned during the year for the Committee to be aware of. The Service Director noted that the base rate had increased significantly during the past few months, but assured Members that regardless of the environment, the three priorities of Security, Liquidity and Yield remained the focus and underlying approach which the Council adheres to.

The Lay Member sought assurance that all of the Council's investment, financial management and liaising with outside bodies was based on an ethical standard and the Service Director confirmed that all work was in line with the Treasury Management Strategy and Capital Strategy approved by Council in March 2022.

A Member referenced the rise in energy costs and the shortfall in funding being made available by UK Government to meet these increased costs, and questioned how likely it was that the Council would need to borrow in the near future for this purpose. The Service Director advised that borrowing undertaken by the Local Authority was for capital purposes only, with the requirement for increases in day-to-day energy costs to be funded from the Council's revenue resources.

The Governance and Audit Committee **RESOLVED:**

1. To scrutinise and comment on the information provided; and
2. To consider whether they wish to receive further detail on any matters contained in the report.

32 Progress against the Internal Audit Risk Based Plan 2022/23

The Audit Manager presented the report to provide the Governance and Audit Committee with a position statement on progress made against the audit work included and approved within the Internal Audit Risk Based Plan 2022/23. The Audit Manager noted that the Internal Audit Risk Based Plan for 2022/23 was submitted to the Governance and Audit Committee for consideration and approved on the 18th July 2022. The Plan outlined the audit assignments to be carried out in order to provide adequate coverage to enable an overall opinion at the end of 2022/23.

The Audit Manager directed Members to Appendix A of the report, this detailing the status of each planned review, the audit opinion (where the audit is complete

or has reached final report stage) and the number of recommendations made to improve the internal control, governance and risk management environment.

As of 27th January 2023, 24 audit assignments had been completed, including 20 audits where a final report and audit opinion had been issued. The remaining 4 completed assignments related to work where no audit opinion is provided, for example Annual Governance Statement (AGS), Annual Opinion Report (Head of Internal Audit) and Internal Audit Planning 2022/23. This is because the audit work carried out in respect of these items was planned but the nature of the work does not lead to testing and the formation of an audit opinion. It was explained that a further 4 draft reports had been issued, 1 audit assignment was awaiting management review, 7 audit assignments in progress and a further 6 assignments that were at the scoping stage.

The Audit Manager drew Members' attention to Section 4.6 of the report, which summarised the audit opinions given to the 20 audit assignments completed to final report stage to date, which was based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control, governance and risk management arrangements. The Audit Manager confirmed that there have been no audit assignments completed across the 2022/23 planned areas to date where an audit opinion of limited assurance or no assurance has been placed on the current systems of internal control, governance and risk management.

The Audit Manager drew Members' attention to Appendix A of the report, which detailed a total of 37 recommendations to improve the internal control, governance and risk management arrangements across the 2022/23 audit plan areas and assured the Committee that while performance to date was lower than anticipated, it could be partly attributed to long term sickness, some audits taking longer than planned and vacancies in the wider service which, although now filled, had impacted on the delivery of the audit plan to date.

As mentioned by the Head of the Regional Internal Audit Service in Matters Arising, the Audit Manager confirmed that Appendix A had been updated with a colour coding system to indicate which audits had been completed during 2022/23, those which are anticipated to be completed by the end of 2022/23 and those which will not receive an Internal Audit review during the year; however these audits will be scheduled for discussion with Management as part of the Internal Audit planning process for 2023/24. This has been actioned following a request received at the last Governance and Audit Committee meeting held on 7th December 2022.

Prior to concluding the presentation, the Head of the Regional Internal Audit Service took the opportunity to inform Members that going forward, the service looked to be in the strongest position it had been in for many years due to most of the vacancies now being filled but acknowledged that some time would need to be allowed for appropriate training.

The Chair thanked the Officer for the report and noted the pressures which had resulted in performance to date being lower than anticipated but was assured by the Officer's view that performance would be on par with that of the previous year. The Chair was pleased to note that there had been no audit assignments completed across the 2022/23 planned areas to date where an audit opinion of limited assurance or no assurance has been placed on the current systems of internal control, governance and risk management.

Members took the opportunity to thank officers for implementing the colour coding system and were pleased to note that the initiative would be considered by other Local Authorities that are part of the regional service going forward.

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

1. Note the content of the report and the progress made against the Internal Audit Risk Based Plan 2022/23.

33 Strategic Risk Register Update

The Service Director - Finance and Improvement Services provided the Governance and Audit Committee with an overview of its role in respect of Risk Management, as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) publication '*Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition*' (from hereon noted as the CIPFA publication), and in line with the Terms of Reference for the Committee.

Members were referred to Section 4 of the report, which detailed the Committee's statement of purpose and the relevant extracts from the Committee's Terms of Reference.

The Service Director went on to draw Members attention to Section 5 of the report, which set out the role of audit committees in relation to risk management as per the CIPFA publication and also detailed the arrangements in place within the Council to meet these requirements.

Members were then directed to the latest Strategic Risk Register for the Committee's consideration of the arrangements in place, as set out at Appendix 1 of the report. The Service Director informed the Committee that Strategic Risk Register updates are included in the Council's quarterly Performance Reports presented to Cabinet and thereafter scrutinised by the Overview and Scrutiny Committee.

The Chair thanked the Service Director for the report and recognised the important role of the Governance and Audit Committee in considering the adequacy of arrangements in place and also understanding the strategic risks facing the Council and the actions in place to mitigate them, as far as possible.

A Member supported the comments of the Chair and spoke of the importance of having the Terms of Reference of the Committee and its duties and obligations in one place, and emphasised the important role of the Governance and Audit Committee in holding officers to account. In terms of accountability, the Service Director noted that a draft Governance and Audit Committee Annual Report will be presented to the March 2023 meeting that will set out the Committee's work during the year and, subject to approval, will be presented to full Council. The Service Director added that the publication of an annual report supports the Governance and Audit Committee being accountable for the work it undertakes on an annual basis.

Lay Member, Mr M Jehu sought assurance that should any significant changes occur through the year in respect of the Council's strategic risks, officers would endeavour to report them to the Governance and Audit Committee. The Service Director provided assurance to the Lay Member and explained that the Strategic

Risk Register is in the public domain and is scrutinised by the Council's Overview and Scrutiny Committee. The Service Director added that where key changes / updates are incorporated into the Strategic Risk Register, these will be reported to the Governance and Audit Committee.

The Governance and Audit Committee **RESOLVED:**

1. To consider the arrangements in place for Governance and Audit Committee to discharge its role in respect of Risk Management; and
2. To determine whether further information or action is required to provide the Committee with the necessary assurance for this area, including updates on specific strategic risks.

34 Learning And Development Plan

The Service Director - Finance and Improvement Services provided the Governance and Audit Committee with a proposed programme for learning and development to support the delivery of its Terms of Reference.

Members were reminded of the training needs analysis that was completed in November 2022 and the results reported back to the 7th December 2022 Governance and Audit Committee. The key learning and development themes that emerged from the training needs analysis were:

- Arrangements for handling complaints;
- Fraud and corruption;
- The Council's financial statements;
- Risk Management; and
- Governance (including Contract and Financial Procedure Rules).

In response to the above-mentioned themes which had emerged from the training needs analysis, the Service Director drew Members' attention to a draft Learning and Development Plan, which was set out at Appendix 1.

In terms of the approach, the Service Director proposed the following:

- The programme will be coordinated by Council officers;
- A learning and development item will be reported to the Governance and Audit Committee on at least a quarterly basis and other Members invited as appropriate;
- The updates provide an overview of the area, ensure opportunity for questions and answers and also opportunity for Members to request further information and / or more specific updates; and
- Learning and development requirements will be kept under continuous review as part of on-going engagement with Committee Members and the learning and development plan updated accordingly. These requirements will also be reviewed as part of the Personal Development Reviews undertaken by the Head of Democratic Services, before the conclusion of the municipal year.

The Service Director advised that, subject to the Governance and Audit Committee's consideration of the draft Learning and Development Plan, officers would put in place necessary arrangements for delivery, commencing from March 2023.

The Chair thanked the Service Director for the update and reiterated the importance of flexibility and also the importance of the learning and development

item complimenting the other items on the agenda.

Members **RESOLVED:**

1. To review and approve the draft Learning and Development Plan for the Governance and Audit Committee.

This meeting closed at 5.45 pm

**Mr C Jones
Chair.**

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Rhondda Cynon Taf County Borough Council Annual Audit Summary 2022

This is our audit summary for Rhondda Cynon Taf County Borough Council. It shows the work completed since the last Annual Audit Summary, which was issued in February 2022. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

About the Council

Some of the services the Council provides



Key facts

The Council is made up of 75 councillors who represent the following political parties:

- Labour 59
- Plaid Cymru 8
- Independent 6
- Conservative 2

The Council spent £552.4 million on providing services¹ during 2021-22².

¹ We define spending on services as the cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest.

² Source: 2021-22 Statement of Accounts

Key facts

As at 31 March 2022, the Council had £228.8 million of useable financial reserves³. This is equivalent to 41.4% of the Council's annual spending on services⁴.

Rhondda Cynon Taf County Borough has 18% of its 154 areas considered to be within the most deprived 10% of areas in Wales, this is the fourth highest of the 22 unitary councils in Wales⁵.

The population of Rhondda Cynon Taf is projected to increase by 5% between 2020 and 2040 from 241,500 to 252,400, including a 4% decrease in the number of children, a 1% increase in the number of the working-age population and a 24% increase in the number of people aged 65 and over⁶.

The Auditor General's duties

We completed work during 2021-22 to meet the following duties

- **Audit of Accounts**
Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money**
The Auditor General examines whether the Council has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.
- **Sustainable development principle**
Public bodies need 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.

³ We define useable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools' balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

⁴ Source: 2021-22 Statement of Accounts

⁵ An area in this context is defined as a 'Lower Super Output Area'. Source: Stats Wales

⁶ Source: Stats Wales

What we found

Audit of Rhondda Cynon Taf County Borough Council's 2021-22 Accounts



To meet the Auditor General's duties we complete specific projects, but we also rely on other audit work, and the work of regulators such as Care Inspectorate Wales and Estyn (the education inspectorate). We take the findings of our audit work into account when assessing whether the Council has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

Each year we audit the Council's financial statements.

For 2021-22:

- the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 24 January 2023, seven days ahead of the statutory deadline.
- the Council's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Council and with our knowledge of the Council.
- the quality of the draft statements presented for audit on 2 August 2022 was generally good.
- a number of changes were made to the Council's financial statements arising from our audit work, which were reported to the Council in our Audit of Financial Statements Report in January 2023.
- in addition to the Auditor General's responsibilities for auditing the Council's financial statements, he also has responsibility for the certification of a number of grant claims and returns. Our work to date has not identified any significant issues.
- the Auditor General issued the certificate confirming that the audit of accounts for 2021-22 has been completed.

Assurance and risk assessment review

We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Our work focused on the following aspects of the Council's arrangements:

- The Local Government and Elections (Wales) Act 2021
- Self-assessment arrangements
- Carbon reduction plans
- Financial position
- Digital Strategy

Our findings from this work are set out in our [Assurance and Risk Assessment Review](#) of the Council.

Springing forward review – assets and workforce

During 2021-22, we examined how councils are strengthening their ability to transform, adapt and maintain the delivery of services. Our work focused on the Council's strategic management of its assets and workforce. For assets, we found that the Council has good arrangements to deliver its current corporate asset management strategy but now needs to put the sustainable development principle at the heart of its considerations when renewing its strategy and supporting arrangements. For workforce, we found that the Council has sound arrangements for managing its workforce, but needs to put the sustainable development principle at the heart of its considerations as it updates its workforce strategy.

Cwm Taf Morgannwg Regional Partnership Board – Transformation Leadership Programme Board – Baseline Governance Review

Our review sought to answer the question: Are the Transformation Leadership Programme Board arrangements supporting the four bodies to develop effective and sustainable approaches to regional working? Overall, we found that the Transformation Leadership Programme Board is well-placed to develop stronger regional working building on the productive relationships over the past 18 months. However, it needs to ensure its planning is more integrated and longer term, strengthen aspects of its governance arrangements and be more ambitious in using its combined core resources to have a greater impact on the Cwm Taf Morgannwg region.

Other inspectorates

We also took into account the reports of Care Inspectorate Wales (CIW) and Estyn as well as any subsequent actions taken by the Council in response. CIW have continued with their engagement activity but not published any reports on the Council since our last Annual Audit Summary. Estyn engaged with the local authority through link inspector visits throughout 2021-2022, but did not undertake an inspection of Local Government Education Services in Rhondda Cynon Taf during this period. Estyn will be undertaking a core inspection of local government education services in Rhondda Cynon Taf in late January 2023.

Local government studies

As well as local work at each council, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports:

Joint working between Emergency Services (January 2022)

This report examines whether emergency services in Wales are working more closely together to make better use of resources. Joint working across emergency services to make best use of resources is not a new concept. Emergency services have been working closely together to provide a better service to the public for many years. Innovative partnership initiatives have saved money, reduced local response times and have contributed to protecting the public. Despite this, there are growing expectations from government policy and legislation that collaboration needs to happen more deeply and quickly to ensure front line services can meet the challenges facing 21st century Wales. Overall, we concluded that blue light emergency service collaboration is slowly growing but requires a step change in activity to maximise impact and make the best use of resources.

Direct Payments (April 2022)

Direct Payments are an alternative to local-authority-arranged care or support and can help meet an individual's or a carer's need. They aim to give people more choice, greater flexibility and more control over the support they get. Our report looked at how Direct Payments help sustain people's wellbeing and whether they are improving quality of life. We also looked at how local authorities manage and encourage take up of Direct Payments and whether these services present value for money. We found that Direct Payments are highly valued, with the people we surveyed acknowledging that they help them remain independent. But we also found that managing and supporting people to use Direct Payments varies widely resulting in service users and carers receiving different standards of service.

'Time for Change' – Poverty in Wales (November 2022)

Poverty in Wales is not a new phenomenon and tackling poverty, particularly child poverty, has been a priority for both the Welsh Government and councils in Wales. The current cost-of-living crisis means that more people are being affected and families who have been living comfortably are moving into poverty for the first time. Many of the levers that could be used to alleviate poverty are outside of Wales's control. The Welsh Government adopted a Child Poverty Strategy in 2011, but this is out of date and the target to eliminate child poverty by

2020 was dropped. Councils and partners are prioritising work on poverty, but the mix of approaches and a complicated partnership landscape mean that ambitions, focus, actions, and prioritisation vary widely. The Welsh Government makes significant revenue funding available but, due to the complexity and nature of the issues, the total level of spend is unknown, and no council knows the full extent of its spending on alleviating and tackling poverty. The short-term nature of grant programmes, overly complex administration, weaknesses in guidance and grant restrictions, and difficulties spending monies means that funding is not making the impact it could. Councils find it hard to deliver preventative work because of the sheer scale of demand from people in crisis.

‘A missed Opportunity’ – Social Enterprises (December 2022)

Social Enterprises sit between the public and private sectors. They apply commercial strategies to maximise improvements in financial, social and environmental well-being, often for individual groups in society, defined communities or geographical areas. Social enterprise work in every sector of the Welsh economy and in all parts of the country and are increasingly prominent in Welsh Parliament legislation. While local authorities claim they value Social Enterprises, few have mapped their activity and most authorities do not know the scale of provision within their area. Less than a third of local authorities consider themselves to have a proactive and supportive relationship with Social Enterprises and none have a dedicated strategy or policy that charts how they intend to promote and grow the sector. As a result, local authorities are missing out on the potential for Social Enterprises to help deliver services that can improve people’s quality of life. Current procurement and commissioning arrangements often unintentionally discourage Social Enterprises to engage because they are overly bureaucratic. Social value – the added value that commissioning processes can deliver – does not feature as a key driver for many local authorities. Most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014 and effectively promoting Social Enterprises.

‘Together we can’ – Community resilience and self-reliance (January 2023)

At a time when there is likely to be further reductions in public spending, local authorities are showing an increasing interest in encouraging and growing community resilience; equipping people to do more for themselves and be less reliant on the state. While 19 of the 22 local authorities are prioritising community resilience, too often the work is poorly defined and the actions that underpin plans are narrowly focussed. Given the societal, financial and demographic challenges facing Wales there is a need to scale and speed up activity. Capacity, resources and skills are scarce, people are facing tougher choices and struggling to cope with the cost-of-living crisis. Communities and local authorities themselves also have different abilities and are starting from different places with their own unique challenges to overcome. We highlight positive practice and examples of how others are seeking to address the challenge of enabling people to be less reliant on local authority services and how they are supporting and enabling this transition.

Planned work for 2022-23

We also looked at the key challenges and opportunities facing the Council. These could have an effect on the Council's ability to meet its legal obligations in relation to the sustainable development principle and the use of its resources.

Our planned work for 2022-23 includes:

- Assurance and risk assessment including a focus on:
 - Financial position
 - Capital programme management
 - Use of performance information – with a focus on service user feedback and outcomes
 - A consideration of other core arrangements and services
- Thematic review – unscheduled care. This review covers the health and local government sectors
- Thematic review – digital

The Auditor General is independent of government and was appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

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.

This document is also available in Welsh.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 15 th March 2023	AGENDA ITEM NO. 5
REPORT OF THE CHIEF EXECUTIVE	WHISTLEBLOWING ANNUAL REPORT 2022/23

Author: Peter Cushion (Head of Employee Relations)

(01443) 444503

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present an updated Whistleblowing Policy & Procedure and Whistleblowing Annual Report 2022/23 in accordance with the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017 (the '2017 Regulation').

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review and if appropriate approve the proposed update to the Council's Whistleblowing Policy & Procedure (Appendix 1) and instruct the Director of Human Resources to publish and raise awareness of the updated document
- 2.2 Review and if appropriate approve the Whistleblowing Annual Report 2022/23 (Appendix 2) in line with the requirements placed upon the Council by the 2017 Regulation.
- 2.3 Consider whether any other changes or improvements to the current whistleblowing arrangements are required.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To ensure the Council's Whistleblowing Policy & Procedure continues to be fit for purpose and to provide the Governance and Audit Committee with a copy of the Council's Whistleblowing Annual Report in accordance with its Terms of Reference to demonstrate compliance with the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017.

4. THE COUNCIL'S WHISTLEBLOWING POLICY

- 4.1 The current version of the Council's Whistleblowing Policy & Procedure was reported to and agreed at the [26th April 2021](#) Audit Committee meeting and noting that the Policy is reviewed regularly at an operational level.
- 4.2 The purpose of the Policy is to provide a means by which complaints of malpractice or wrongdoing can be raised by those who feel that other avenues for raising such issues are inappropriate. The Policy confirms that so far as possible, those raising concerns under the Policy will be treated confidentially.
- 4.3 In November 2022 Audit Wales undertook a high level review of the Council's whistleblowing policy and related arrangements as part of their 2022-23 Assurance and Risk Assessment work.
- 4.4 Feedback received from Audit Wales included:
- Assurances in place in respect of the policy being clear on how an individual can raise a concern anonymously; that steps are taken to ensure confidentiality will be protected and the Council does not tolerate harassment or victimisation of anyone raising a genuine concern; HR Officers are trained investigators; the Council uses different arrangements to raise awareness of the policy to its workforce and clarifies how this can be accessed; and the Whistleblowing Policy is highlighted in both the corporate and service level inductions.
 - Where arrangements could be further strengthened in respect of supporting training for senior managers as part of undertaking whistleblowing investigations.
 - Areas to be updated in respect of arrangements where a worker has the right to raise concerns outside of the Council; referencing Prescribed Persons¹ and access to further information in this regard including the removal of elected Members as Prescribed Persons within the Policy; and housekeeping updates to ensure the latest terminology is included within the Policy.
- 4.5 The feedback received from Audit Wales has been taken account of as part of reviewing and updating the Whistleblowing Policy & Procedure (at Appendix 1). Subject to the Governance and Audit Committee agreeing an updated version of the Policy, this will be published on the Council's website.
- 4.6 For Members information, the Whistleblowing Policy & Procedure will be kept under on-going review and where further updates are proposed, these will be reported to the Governance and Audit committee for consideration / approval.

¹ Prescribed Persons - organisations and individuals that a worker may approach outside their workplace to report suspected or known wrongdoing. The organisations and individuals on the list have usually been designated as prescribed persons because they have an authoritative or oversight relationship with their sector, often as a regulatory body

5. WHISTLEBLOWING ANNUAL REPORT 2022/23

5.1 The Terms of Reference for Governance and Audit Committee state:

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

(C) Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct discussion with the auditor(s) on these.

(D) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption and to monitor the counter-fraud strategy, actions and resources.

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

5.2 In line with the above Terms of Reference, the Council's Whistleblowing Annual Report 2022/23 is included at Appendix 2 and subject to the Governance and Audit Committee's consideration and feedback, an approved Whistleblowing Annual Report 2022/23 will be made available on the Council's website.

6. EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

6.1 There are no equality and diversity implications as a result of the recommendations set out in the report

7. WELSH LANGUAGE IMPLICATIONS

7.1 There are no Welsh language implications as a result of the recommendations set out in the report.

8. CONSULTATION

8.1 There are no consultation implications as a result of the recommendations set out in the report.

9. FINANCIAL IMPLICATION(S)

- 9.1 There are no financial implications as a result of the recommendations set out in the report.

10. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

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

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

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 11.1 The work in relation to probity aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020-24 "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

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

12. CONCLUSION

- 12.1 The Council's Whistleblowing Policy & Procedure has been reviewed and updated, taking into account the feedback provided by Audit Wales, to ensure it continues to be fit for purpose. The Governance and Audit Committee is requested to review the updated Policy and, if appropriate, approve the document which will then be published on the Council's website.
- 12.2 A Whistleblowing Annual Report 2022/23 has been prepared in accordance with the responsibilities placed upon the Council by the 2017 Regulation. The Annual Report provides an overview of the arrangements in place for 2022/23

and also summarises the reported instances received, whilst protecting the confidentiality of the whistleblowers.

- 12.3 Overall, the Annual Report concludes that '*the Council's whistleblowing arrangements are appropriate*'.

LOCAL GOVERNMENT ACT, 1972
AS AMENDED BY
THE ACCESS TO INFORMATION ACT, 1985
RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
GOVERNANCE AND AUDIT COMMITTEE
15th March 2023
WHISTLEBLOWING ANNUAL REPORT 2022/23

REPORT OF CHIEF EXECUTIVE

Author: Peter Cushion (Head of Employee Relations)

Item: 5

Background Papers

None.

Officer to contact: Richard Evans

Version	EN1
Last Revision Date	January 2023



Whistleblowing Policy and Procedure/ Polisi a Gweithdrefn Chwythu'r Chwiban

This document is available in Welsh, please see Polisi a Gweithdrefn Chwythu'r Chwiban

DOCUMENT CONTROL	
POLICY NAME	Whistleblowing Policy and Procedure/Polisi a Gweithdrefn Chwythu'r Chiwban
Department	Human Resources
Telephone Number	01443 444502 01443 444503
Initial Policy Launch Date	April 1999
Reviewing Officer	Policy Review Group
Review Date	January 2023
Date of Equality Impact Assessment	September 2016
REVISION HISTORY	
Date	Revised By
March 2009	Alison Cade, Peter Cushion, Richard Evans
July 2010	Alison Cade, Peter Cushion, Richard Evans
May 2012 (no changes)	Alison Cade, Peter Cushion, Richard Evans
May 2014	Alison Cade, Peter Cushion, Richard Evans
September 2016	Policy Review Group
March 2017	Policy Review Team
March 2021	Peter Cushion
January 2023	Peter Cushion
DOCUMENT APPROVAL	
This document has received approval from:	Date of Approval
HR Senior Management Team	N/A
Corporate Management Team	N/A
Cabinet	N/A

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2. Aims and Scope of this Policy and Procedure	2
3. Protected Disclosure & Confidentiality	2
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1. **INTRODUCTION**

- 1.1 Workers are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may appear to be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.2 For the purpose of this Policy and Procedure, 'workers' refers to all those that deliver services on behalf of the Council and also those organisations that provide services to the Council – i.e. Employees, Contractors and Suppliers.
- 1.3 The Council is committed to achieving the highest possible standards of service. In line with that commitment, workers with serious concerns about any aspect of the Council's work are encouraged to come forward and voice those concerns. It is recognised that certain cases will have to proceed on a confidential basis and the Council encourages workers to participate without fear of reprisals.
- 1.4 If workers bring information about a wrongdoing to the attention of the Council, they are protected in certain circumstances under the Public Interest Disclosure Act 1998. This is commonly referred to as 'blowing the whistle'. The law that protects whistle-blowers is for the public interest, so people can speak out if they find malpractice in an organisation. Blowing the whistle is more formally known as 'making a disclosure in the public interest'
- 1.5 Under the Public Interest Disclosure Act 1998, it is unlawful for an employer to take action against a worker or treat them unfairly for having made a 'protected disclosure' of information. If a whistle-blower is deemed to be treated in this way, the legal remedies under the Human Rights Act may be available to them.
- 1.6 Detailed information on what is classed as a protected disclosure is contained in section 3 of this document.
- 1.7 This Whistleblowing Policy and Procedure has been produced to encourage and enable workers to raise serious concerns within the Council rather than overlooking a problem.
- 1.8 The Director of Human Resources has overall responsibility for the maintenance and operation of this policy. The Council will maintain a record of cases, and their outcomes for reporting purposes.

2. AIMS AND SCOPE OF THIS POLICY AND PROCEDURE

- 2.1 This policy sets out the procedure for workers to 'blow the whistle'. It explains how a worker can take matters further if they are dissatisfied with the Council's response and also reassures workers that they will be protected from reprisals or victimisation for Whistleblowing.
- 2.2 This Whistleblowing Policy and Procedure is intended to cover serious wrongdoings, such as:
- unlawful, corrupt or irregular use of public money or resources,
 - conduct that poses a serious risk to public health, safety, the environment or the maintenance of the law,
 - any criminal offence,
 - gross negligence or mismanagement by public officials.
- 2.3 If the matter does not fit into one of the above categories, then employees will be aware that there is an existing procedure in place to enable a grievance to be lodged relating to their own employment.

3. PROTECTED DISCLOSURE & CONFIDENTIALITY

- 3.1 The purpose of Protected Disclosures is to encourage people to report serious wrongdoing in their workplace by providing protection for employees who want to 'blow the whistle'.

Whistleblowing and providing your details:

- 3.2 The best way to raise a concern via the Council's Whistleblowing arrangements is to provide as much information as possible. You will be required to provide contact details in the event that an investigating officer may have further questions to ask and specify whether you would wish all communication to be made in Welsh or English.
- 3.3 A worker can raise a concern confidentially and give their personal details, on the condition that it is not revealed without their consent. The Council will always endeavour to ensure the confidentiality of a worker however; in rare circumstances this cannot be guaranteed, in which case the worker will be notified. The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those who may be responsible for malpractice. The Council will not tolerate harassment or victimisation and will take action to protect staff when they raise a concern.

- 3.4 Any cases of harassment will be dealt with in accordance with the Council's 'dignity at work' procedure for employees. However, it does not mean that if a worker is already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of their Whistleblowing.
- 3.5 To make a protected disclosure, the whistleblower must be identified as a 'worker' of the Council. A 'worker' includes current and former employees, volunteers, contractors and suppliers.
- 3.6 The disclosure will be protected if:
- the information is about serious wrong doing in or by the workplace,
 - the whistleblower reasonably believes the information is true or likely to be true,
 - the whistleblower wants the serious wrongdoing to be investigated
- 3.7 The disclosure will not be protected if:
- the whistleblower knows the allegations are not true,
 - the whistleblower acts in 'bad faith',
 - the information disclosed is protected by legal professional privilege.

Whistleblowers who wish to remain anonymous

- 3.8 A worker can raise a concern anonymously with a preference not to give their personal details. Anonymous information will still be assessed and is just as important to the Council, however workers should be made aware that the ability to carry out a full and thorough investigation may be limited if the worker cannot be contacted to be asked any follow up questions.
- 3.9 When assessing an anonymous concern, the Council will consider the seriousness and credibility of the concern raised and also the likelihood of substantiating the allegation based upon the information provided.

4. PROCEDURE FOR BLOWING THE WHISTLE

- 4.1 Initially, workers should raise their concern with their immediate line manager/Head of Service/key contact within the Council, who will be able to determine whether they can deal with the concern or if it requires escalation.

- 4.2 This can depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the matter.
- 4.3 Managers who receive a concern from an individual must treat that information as potentially serious and report it to their relevant Head of Service.
- 4.4 The matter raised must be kept in confidence and not disclosed to any other party unless instructed to do so.
- 4.5 In some instances the direct contacts may be the individuals where concerns relate. In which case, the officers listed below should be contacted:
- i) In respect of any matters involving actual or potential unlawful conduct, maladministration or contravention of the law:
Andy Wilkins - Director of Legal & Democratic Services
Email: Andrew.S.Wilkins@rctcbc.gov.uk
 - ii) In respect of any potential irregularity affecting any financial or other resources of the Council:
Barrie Davies - Deputy Chief Executive & Group Director,
Finance, Digital & Frontline Services
Email: Barrie.Davies@rctcbc.gov.uk
 - iii) In respect of any other service related issue or an employment matter:
Richard Evans - Director of Human Resources
Email: Richard.J.Evans@rctcbc.gov.uk
- 4.6 If workers are unclear as to the appropriate person to approach, they should contact the Director of Human Resources in the first instance who will give advice and guidance in respect of how to (potentially) blow the whistle.
- 4.7 The Council encourages concerns to be raised in writing via the 'Report it' section of the Council's Website. Individuals should include as much information as possible such as relevant dates, incidents and witnesses. If access to the Internet is not possible then letters can be sent to the Officers noted above at The Pavilions, Clydach Vale, CF40 2XX. If employees do not feel able to put their concerns in writing, via the "Report It" mechanism or in a letter, then they can telephone any of the Officers as stated above. Employees may invite their trade union to raise the matter on their behalf.

- 4.8 The earlier an individual expresses a concern, the easier it is to take appropriate action. Although workers are not expected to prove the truth of an allegation, they will need to demonstrate that they reasonably believe the information is true or likely to be true, in respect of their concern.
- 4.9 In order to ensure the integrity of any potential investigation, initial enquiries will be made to decide whether an investigation is appropriate.
- 4.10 Concerns or allegations that fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures. Following the reporting of a concern which is not anonymous, the investigating officer will inform the 'whistleblower' that their concern is being investigated within 10 working days and explain the process that will be followed.
- 4.11 If a fact finding meeting is required, the 'whistleblower' will have the right to be accompanied by a Trade Union representative or work colleague (if they are an employee). It will be up to the 'whistleblower' to make the necessary arrangements and to specify whether they would wish the meeting to be conducted through the medium of Welsh or English.
- 4.12 The Council will take steps to minimise any difficulties that the 'whistleblower' may experience as a result of raising a concern. For instance, if the 'whistleblower' is required to give evidence in criminal or disciplinary proceedings, the Council will advise on the procedure. The Council accepts that the 'whistleblower' needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the 'whistleblower' will receive information about the progress of the investigation if specifically required and/or requested to do so. This will be provided in writing by the investigating officer.

5. **RESPONSE OF THE COUNCIL**

5.1 The action taken by the Council will depend on the nature of the concern. Outcomes could include:

- Refer the matter to the Police - any allegation made which could be deemed as an offence of a criminal nature (e.g. using a phone whilst driving) may be forwarded to the police for a decision on whether any further action will be taken.
- Refer the matter to the External Auditor (Audit Wales),
- Request that the matter be the subject of an independent inquiry.

6. **FURTHER ACTION OUTSIDE THE POLICY**

6.1 This policy is intended to provide workers with an avenue to raise concerns within the Council. In addition, a worker has the right to raise concerns outside of the Council if they feel uncomfortable with the internal process in the first place, or if they remain unsatisfied (<https://protect-advice.org.uk/external-disclosures/#1620818696119-6cbd467f-4759>)

6.2 Should a worker remain unsatisfied following the internal process, and if they feel it is right to pursue the matter externally, then the Prescribed Persons Order 2014 sets out a list of organisations and individuals that a worker may approach outside their workplace to report suspected or known wrongdoing. The organisations and individuals on the list have usually been designated as prescribed persons because they have an authoritative or oversight relationship with their sector, often as a regulatory body. An up-to-date list can be found here:

- i) <https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies>

6.3 If a worker decides to take the matter outside the Council, and where a regulator has been prescribed, you must satisfy two conditions in order for a disclosure (to them) to be protected: (1) you must reasonably believe that the subject matter of the disclosure falls within the remit of that regulator; and (2) you must reasonably believe that the information disclosed, and any allegation contained in it, are substantially true.

Appendix A – THE WORKERS ‘DO’S AND DON’TS’

If you suspect potential:

- fraud, corruption and/or a criminal act
- a failure to comply with a legal obligation,
- a miscarriage of justice,
- danger to health & safety,
- damage to the environment,
- any attempt to cover up these acts in any area of Council activity.

DO

1. Make an immediate note of your concerns.

Note all relevant details, such as what was said in telephone or other conversations, the date, time and the names of any parties involved.

2. Deal with the matter promptly.

Any delay may cause the Council to suffer further financial loss.

3. Blow the Whistle

- Report your suspicions to the appropriate person.
- You can do this using the ‘Report It’ feature on the Council’s Intranet / Internet website under A-Z of services “W”.

Alternatively,

- Convey your concern to your Line Manager/Head of Service/key contact within the Council (if you are a Supplier or Contractor)
- By letter or telephone to the appropriate Officer listed under Section 4 of the Whistleblowing Policy & Procedure.

4. Remember that if you are an employee, the Council will protect you from harassment and potential victimisation.

5. Further support can be obtained from the Occupational Health Unit (01443) 494003 if required.

DON’T

1. Do nothing.

2. Be afraid of raising your concerns.

- You will not suffer any recrimination as a result of voicing a reasonably held suspicion. The Council will treat any matter you raise sensitively **and in confidence**.

3. Approach or accuse any individuals directly.

4. Try to investigate the matter yourself.

- There are special rules surrounding the gathering of evidence for use in criminal cases. Any attempt to gather evidence by people who are unfamiliar with these rules may destroy the case.

5. Convey your suspicions to anyone other than those with the proper authority.



**RHONDDA CYNON TAF COUNTY BOROUGH
COUNCIL**

**WHISTLEBLOWING ANNUAL REPORT
2022/23**

1. Introduction

- 1.1 Members of staff are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council and they may also fear harassment or victimisation. In these circumstances, it may appear to be easier to ignore the concern rather than report it.
- 1.2 For the purpose of the Annual Report, 'workers' as set out in the Council's Whistleblowing Policy and Procedure refer to all those that deliver services on behalf of the Council and also those organisations that provide services to the Council i.e. Employees, Contractors and Suppliers.
- 1.3 The Council is committed to achieving the highest possible standards of service. In line with that commitment, workers with serious concerns about any aspect of the Council's work are encouraged to come forward and voice those concerns. The Council encourages workers to participate without fear of reprisals.
- 1.4 The Whistleblowing Policy & Procedure aims to encourage and enable workers to raise serious concerns within the Council rather than overlooking a problem.
- 1.5 The Director of Human Resources has overall responsibility for the maintenance and operation of the Policy and has ensured that a record of all cases reported along with the outcomes has been compiled during 2022/23.

2. Raising an Issue

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

3. What's been done to assess awareness?

- 3.1 Previous actions the Council has taken to raise awareness of the Whistleblowing Policy and Procedure include the Policy being incorporated in both staff and manager induction processes; a payslip insert; posters circulated to service areas to include on notice boards; and on-going fraud awareness updates.
- 3.2 The Whistleblowing Policy & Procedure is published on the Council's website and further awareness raising has been undertaken across Council Services via a global email.
- 3.3 For Members information, the Whistleblowing Policy and Procedure will be kept under on-going review and where further updates are proposed, these will be reported to the Governance and Audit Committee for consideration and if deemed appropriate, approval.

4. Whistleblowing activity during 2022/23

4.1 A summary of whistleblowing activity completed during 2022/23 is set out in Table 1. Members will note that dates the allegations were received and the investigations completed have been incorporated into Table 1.

Table 1 - Whistleblowing Activity 2022/23

Date Received	Disclosure Summary	Method Disclosure	Action Taken	Date Completed
<u>SCHOOL RELATED</u>				
2 nd September 2022	It was alleged that an employee phoned in sick with Covid-19 and then went on holidays during term time.	Online submission	An investigation was undertaken by the relevant manager and the case was taken to a disciplinary hearing where the employee was issued with a Final Written Warning.	19 th December 2022
<u>NON-SCHOOL RELATED</u>				
10 th May 2022	It was alleged that a member of staff from an adult social care setting was being aggressive to a member of the public.	Online submission	The employee had reported this incident to the line manager and was also referred to the Head of Service. The Head of Service was satisfied with the employee's version of events. No further action taken.	13 th May 2022
12 th May 2022	It was alleged that an employee (driver) was smoking in a Council heavy goods vehicle whilst the engine was running.	Online submission	An investigation was undertaken by the relevant manager. This determined that the allegation was founded, and a management discussion was undertaken with the employee.	17 th May 2022

Date Received	Disclosure Summary	Method Disclosure	Action Taken	Date Completed
17 th June 2022	It was alleged that a Council driver was using a mobile phone when exiting a junction	Online submission	An investigation was undertaken by the relevant manager – the staff member concerned could not recall an incident and no further evidence existed. The employee was reminded of the law relating to driving and using mobile phones.	21 st June 2022
17 th June 2022	It was alleged that an officer working in Parking Services walked past a car that was parked in a disabled bay (that did not display a valid blue / disabled badge) and was heard saying ‘I’m not booking them, I don’t need the grief’.	Online submission	The relevant manager considered the submission. Due to no details of the date, time or location being included in the submission, there was no evidence available to substantiate the allegation. No further action taken.	24 th June 2022
29 th June 2022	It was alleged that an employee was falsifying working hours by not signing in and out when taking children to / from school.	Online submission	A review of time worked records was undertaken by the Service Manager – this confirmed that the employee was signing in and out to undertake childcare duties. The Service Manager also confirmed that no concerns had been identified / raised in respect of the employee being	13 th July 2022

Date Received	Disclosure Summary	Method Disclosure	Action Taken	Date Completed
			absent from work or with work tasks being completed. On-going monitoring to be undertaken.	
Various during 2022/23	Allegations of inappropriate operational activity at Council Recycling Centres (CRC's), and cash being received by Amgen Cymru Ltd ² staff.	Online submission	Referral to the Corporate Fraud Team as part of wider monitoring.	As and when referrals were received.
2 nd August 2022	It was alleged that an officer was parking a large Council vehicle outside residents' houses.	Online submission	An investigation was undertaken and the officer confirmed that the vehicle is parked in such locations when on call, with the vehicle taken home on such occasions and this being approximately every 6 weeks. The officer was advised to make appropriate alternative arrangements to park the vehicle when on call and taken home.	10 th August 2022
23 rd August 2022	A cleaner had an asthma attack while at work and alleged this was due to poor management and communication.	Online submission	An investigation was undertaken by the Service Manager – it was confirmed that the officer had received full training and PPE for the role, and had not disclosed	7 th September 2022

² Amgen Cymru Ltd – Rhondda Cynon Taf CBC has a 100% interest in Amgen Cymru Limited, with the Company being a subsidiary of the Council.

Date Received	Disclosure Summary	Method Disclosure	Action Taken	Date Completed
			a health condition / whether any adjustments were required. No further action taken.	
7 th September 2022	It was alleged that female workers within a specific service area were overlooked for promotional opportunities and allegations of sexist / abusive behaviour within that service area.	Online submission	An investigation was undertaken by the relevant Director and discussions held with all members of the senior management team (both male and female). The feedback received was that these allegations were without foundation and no further action was taken.	12 th September 2022
7 th September 2022	It was alleged that when a resident reported a neighbour for dumping waste outside their property, a Council officer turned off the body camera and indicated that the neighbour would not have to pay as the Council will pick it up.	Online submission	An investigation was undertaken by the relevant manager and no evidence was identified that confirmed / indicated a Council officer had been in the vicinity. Officers within the service area were reminded of their responsibilities regarding policies and environmental crimes. No further action taken.	15 th September 2022

Date Received	Disclosure Summary	Method Disclosure	Action Taken	Date Completed
21 st September 2022	An allegation that a senior officer was bullying members of staff that directly report to this senior officer.	Online submission	An investigation was undertaken, by the relevant Director – the members of staff that directly report to the senior officer confirmed that they feel supported by this officer and also confirmed that they did not submit a whistleblowing referral. It was concluded that the allegation was malicious and no further action was taken.	4 th October 2022
7 th October 2022	It was alleged that an officer on sick leave was on holiday abroad at the same time.	Online submission	The relevant Manager confirmed that the officer had pre-booked annual leave in line with the Council's policy. No further action taken.	14 th October 2022
24 th October 2022	It was alleged that a Council officer allowed a family member (who is also employed by the Council) to use a Council purchase card to order food whilst in work.	Online submission	An investigation had already been undertaken by the relevant service manager. The individual was issued with a warning via a formal disciplinary hearing.	17 th October 2022 (via an investigation undertaken prior to the whistleblowing referral being received)
2 nd December 2022	It was alleged that staff in a frontline service area were not signing out appropriately and were receiving preferential treatment	Online submission	An investigation was undertaken by the relevant service manager, with a review of signing-in sheets	5 th January 2023

Date Received	Disclosure Summary	Method Disclosure	Action Taken	Date Completed
			<p>alongside Time Off In Lieu (TOIL) records of the team completed. The service manager confirmed that these had been completed in line with the required processes; a reminder was sent to the Team around TOIL and signing in policy and would be monitored as part of normal supervision sessions. No further action taken.</p>	
26th January 2023	It was alleged that an employee was smoking drugs in front of a neighbour's child.	Online submission	An investigation was undertaken by the relevant manager and Human Resources. The Manager has checked with the Safeguarding Team and was satisfied with the officer's response. No further action taken.	3 rd February 2023
14 th February 2023	It was alleged that a manager was employing friends and family within the service. 14 th February 2023	Online Submission	An investigation was undertaken by the relevant Director – it was confirmed that recruitment was undertaken appropriately and via formal	17 th February 2023

Date Received	Disclosure Summary	Method Disclosure	Action Taken	Date Completed
			recruitment processes. No further action taken.	

5. Concluding comments

- 5.1 Whilst all staff are required to follow relevant Policies and Procedures put in place by the Council, unfortunately there are a very small number of instances where some individuals decide to contravene these arrangements.
- 5.2 In such instances, it is necessary that the Council has the appropriate arrangements in place for individuals to report potential serious wrongdoings.
- 5.3 It is difficult to fully ascertain how effective the Council's whistleblowing arrangements are in respect of awareness across all workers, and indeed whether all workers feel comfortable to report potential concerns. However, the fact that whistleblowers have come forward during 2022/23 does indicate a general awareness and a culture whereby staff do feel comfortable to do so.
- 5.4 All whistleblowing referrals have been fully investigated and where appropriate, the necessary action has been taken.
- 5.5 Based upon the information contained within this report, I conclude that overall the Council's whistleblowing arrangements are appropriate.

Richard Evans – Director, Human Resources

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 15 th March 2023	AGENDA ITEM NO. 6
REPORT OF HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE	INTERNAL AUDIT RECOMMENDATIONS 2022/23

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

1. PURPOSE OF THE REPORT

- 1.1 This report provides members of the Governance and Audit Committee with a position statement on internal audit recommendations made, implemented and outstanding.

2. RECOMMENDATIONS

- 2.1 It is recommended that members of the Governance and Audit Committee:
- Consider the information provided in respect of the status of internal audit recommendations made; and
 - Review the information contained within the report and provide feedback on the content and format of the information provided.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that the Governance and Audit Committee monitors the performance of the Council's Internal Audit Service, in accordance with its Terms of Reference.

4. **BACKGROUND**

- 4.1 In accordance with the Public Sector Internal Audit Standards, the internal audit activity must assess and make appropriate recommendations to improve the Council's governance, risk management and internal control. The Regional Internal Audit Service Strategy states that the implementation of agreed recommendations will be monitored.
- 4.2 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk and strengthen controls. Recommendations are included, if appropriate, in the final audit report and recipients are asked to provide Management Responses to indicate whether they agree with the recommendations and how they plan to implement them. To assist Managers in focussing their attention, each recommendation is classified as being either High, Medium or Low priority.
- 4.3 Table 1 shows the recommendation categorisation as follows:

Table 1 – 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.

- 4.4 Once the target date for implementation has been reached the relevant Officers are contacted and asked to provide feedback on the status of each agreed recommendation. The implementation of these recommendations is monitored using MK Insight internal audit software to ensure that improvements are being made.
- 4.5 Any audits concluded with a no assurance or limited assurance opinion will be subject to a follow up audit.
- 4.6 The first recommendation monitoring report was brought to this Committee on 7th December 2022, and this provided details of all recommendations made by the RIAS since the implementation of the MK Insight internal audit software on 1st April 2021.
- 4.7 It was agreed at this meeting that going forward only outstanding recommendations

from previous years be included in the recommendation monitoring report, together with details of all the recommendations made in the current year. The report at **Appendix A** summarises the internal audit recommendations made, implemented and overdue relating to areas reviewed during 2021/22 and 2022/23.

4.8 Members will note that there are 4 recommendations relating to audit assignments undertaken during 2021/22 which have target dates in the future, and 2 recommendations have passed their implementation dates and are therefore outstanding:

- Prevention Payments – 2 recommendations outstanding

Internal Audit has contacted the Manager within the service area for an update on the status of these recommendations however a status update had not been received at the time of this report being prepared.

4.9 **Appendix A** illustrates that 70 recommendations have been made to date during 2022/23 to improve the internal control environment, and 43 of these recommendations have been fully implemented. There are a further 24 recommendations which have target dates in the future. There is 1 medium priority recommendation made in 2022/23 which has passed the implementation date and is therefore outstanding:

- Regional Consortia School Improvement Grant (RCSIG) – 1 recommendation outstanding

Internal Audit has contacted the Manager for an update on the status of this recommendation however a status update had not been received at the time of this report being prepared.

4.10 During 2022/23, 2 audit recommendations have not been accepted by the service area, this is due to the Headteacher reporting that the controls in place are already sufficient. Both recommendations relate to YGG Pontsionnorton as follows:

- The Headteacher did not agree to the recommendation that the debit card facility on the School Private Fund should be suspended immediately, as some venues do not accept cheques and require payment by phone at the time of booking.
- The Headteacher felt that both school clerks are already dealing with current and historical arrears correctly and have significantly reduced the levels of arrears at the school. The Headteacher felt that although arrears were high at the School the Council's Arrears Policy was being adhered to.

4.11 The information contained in **Appendix A** has been compiled from the internal audit software system MK Insight.

5. EQUALITY & DIVERSITY & SOCIO-ECONOMIC DUTY IMPLICATIONS

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 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

- 9.1 THE COUNCIL'S CORPORATE PLAN PRIORITIES
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.
- 9.2 WELL-BEING OF FUTURE GENERATIONS ACT / FIVE WAYS OF WORKING
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 Monitoring the performance of Internal Audit is a key responsibility for the Governance and Audit Committee. This report provides Members with detailed information relating to audit recommendations made by the Internal Audit Service, with which the performance of the Service can be reviewed and scrutinised.

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

15th March 2023

HEAD OF REGIONAL INTERNAL AUDIT SERVICE

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

Item: 6

Background Papers

None.

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

Appendix A - Status of Internal Audit Recommendations RCTCBC

Audit Name	Audit Opinion	Final Report Date	Number Made				Not Agreed	Implemented Total	Outstanding				Future Target Date Total
			High	Medium	Low	Total			High	Medium	Low	Total	
2021/22													
Adoption Support & Foster Carer Payments	LIMITED	31/01/2022	0	8	0	8	0	5	0	0	0	0	3
Income Management Arrangements	SUBSTANTIAL	21/01/2022	0	3	0	3	0	3	0	0	0	0	0
Llwydcoed Crematorium	REASONABLE	23/05/2022	0	8	0	8	0	7	0	0	0	0	1
Prevention Payments	REASONABLE	06/01/2022	0	1	3	4	0	2	0	1	1	2	0
Overall Totals 2021/22			0	20	3	23	0	17	0	1	1	2	4

Audit Name	Audit Opinion	Final Report Date	Number Made				Not Agreed	Implemented Total	Outstanding				Future Target Date Total
			High	Medium	Low	Total			High	Medium	Low	Total	
2022/23													
Maesybryn Primary School	SUBSTANTIAL	07/09/2022	0	2	0	2	0	1	0	0	0	0	1
Park Lane Special School - Follow Up	REASONABLE	14/09/2022	1	4	2	7	0	6	0	0	0	0	1
RCT - Regional Consortia School Improvement Grant (RCSIG)	SUBSTANTIAL	22/11/2022	0	1	0	1	0	0	0	1	0	1	0
South East Wales Corporate Joint Committee Small Bodies Return	SUBSTANTIAL	15/06/2022	0	0	0	0	0	0	0	0	0	0	0
Cost of Living Payments - Administration of the WG Scheme	SUBSTANTIAL	16/09/2022	0	0	0	0	0	0	0	0	0	0	0
CSC - Regional Consortia School Improvement Grant (RCSIG)	SUBSTANTIAL	28/09/2022	0	0	0	0	0	0	0	0	0	0	0
CSC - Pupil Development Grant (PDG)	SUBSTANTIAL	28/09/2022	0	0	0	0	0	0	0	0	0	0	0
CSC - Pupil Development Grant Consolidated Statement (PDG)	SUBSTANTIAL	12/10/2022	0	0	0	0	0	0	0	0	0	0	0
CSC - Consolidated Statement (RCSIG)	SUBSTANTIAL	12/10/2022	0	0	0	0	0	0	0	0	0	0	0
Parking Enforcement	SUBSTANTIAL	14/11/2022	0	0	0	0	0	0	0	0	0	0	0
Corporate Safeguarding Arrangements	REASONABLE	23/08/2022	0	1	2	3	0	0	0	0	0	0	3
Ffynnon Taf Primary School	SUBSTANTIAL	18/10/2022	0	1	0	1	0	1	0	0	0	0	0
Fuel Usage, Control & Monitoring	REASONABLE	10/11/2022	0	1	0	1	0	1	0	0	0	0	0
Cyammer Primary School	SUBSTANTIAL	28/09/2022	0	1	3	4	0	3	0	0	0	0	1
Blaengwawr Community Primary	SUBSTANTIAL	12/10/2022	0	1	3	4	0	4	0	0	0	0	0
Ysgol Ty Coch	REASONABLE	15/09/2022	1	6	3	10	0	8	0	0	0	0	2
YGG Evan James	SUBSTANTIAL	22/09/2022	0	0	2	2	0	2	0	0	0	0	0
Climate Change Strategy	SUBSTANTIAL	06/01/2023	0	1	0	1	0	0	0	0	0	0	1
Ferndale Community School	REASONABLE	16/02/2023	1	8	3	12	0	5	0	0	0	0	7
Penywaun Primary School	REASONABLE	17/02/2023	2	4	3	9	0	4	0	0	0	0	5
Cyber Security Arrangements	SUBSTANTIAL	13/12/2022	0	1	0	1	0	0	0	0	0	0	1
YGG Pontsionnorton	REASONABLE	17/02/2023	0	8	4	12	2	8	0	0	0	0	2
Overall Totals 2022/23			5	40	25	70	2	43	0	0	0	1	24

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 15 th March 2023	AGENDA ITEM NO. 7
REPORT OF THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR – FINANCE, DIGITAL AND FRONTLINE SERVICES	GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23, INCORPORATING A SELF ASSESSMENT AGAINST THE CIPFA 2018 PRACTICAL GUIDANCE NOTE

Author: Paul Griffiths (Service Director – Finance and Improvement Services) & Lisa Cumpston (Audit Manager)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to present the Governance and Audit Committee Annual Report 2022/23 together with a self-assessment against the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review the Annual Report and self-assessment (**Appendix 1** and **Appendix 1B** respectively) and determine whether the Annual Report forms a balanced summary of the work undertaken by the Governance and Audit Committee during 2022/23.
- 2.2 Subject to 2.1, endorse the proposals for improvement to further support the Governance and Audit Committee in the effective discharge of its Terms of Reference and their incorporation into an action plan to enable on-going monitoring.
- 2.3 Approve the Governance and Audit Committee Annual Report 2022/23 and its presentation to full Council.

3. REASON FOR RECOMMENDATIONS

- 3.1 To ensure the Council's Governance and Audit Committee is held to account for its work through, amongst other things, the publication of an Annual Report.

4. BACKGROUND

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

- *Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.*
- *The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.*

- 4.2 The publication also sets out the importance for audit committees to be held to account on the extent to which it has fulfilled its purpose, with an annual report being a helpful way to address this.

5. DRAFT GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23

- 5.1 In line with the CIPFA Guidance, a draft Governance and Audit Committee Annual Report setting out the work of the Committee during 2022/23 is included at **Appendix 1**.

- 5.2 As part of compiling the draft Annual Report, a 'self-assessment' has been undertaken using the checklist provided within the CIPFA Guidance. The outcome of the self-assessment process is included at **Appendix 1B** and has been used to inform new proposals for improvement that will further support the Governance and Audit Committee in the effective discharge of its Terms of Reference.

- 5.3 The draft 2022/23 Annual Report and self-assessment concludes overall that:

- The Governance and Audit Committee has reviewed and challenged a range of topic areas during the year and has delivered its Workplan and responsibilities in line with its Terms of Reference; and

- The Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that a small number of new proposals for improvement have been identified to further strengthen existing arrangements.
- 5.4 The Governance and Audit Committee is requested to review the draft 2022/23 Annual Report and self-assessment, and:
- Determine whether it forms a balanced summary of the work undertaken by the Committee during this period; and
 - Consider and if appropriate, endorse the proposals for improvement.
- 5.5 Subject to consideration of the above, the Governance and Audit Committee is requested to approve the 2022/23 Annual Report and its presentation to full Council.

6. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY

- 6.1. There are no equality and diversity 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 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The production of a Governance and Audit Committee Annual Report supports the principles within The Local Government (Wales) Measure 2011 (Chapter 2 / section 81) and is in line with the CIPFA Guidance.

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 10.1 The work of the Council's Governance and Audit Committee 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 governance arrangements are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

11. CONCLUSION

11.1 The Governance and Audit Committee Annual Report 2022/23 is attached at **Appendix 1**. It provides a summary of the work the Committee has undertaken during 2022/23, incorporates a self-assessment against the CIPFA Guidance checklist (**Appendix 1B**) and sets out proposals for improvement to help further strengthen existing arrangements.

11.2 Subject to the Governance and Audit Committee’s consideration / approval of the 2022/23 Annual Report, the agreed proposals for improvement will be incorporated into an action plan and progress updates reported to the Committee during the forthcoming year.

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

15th March 2023

**GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2022/23,
INCORPORATING A SELF ASSESSMENT AGAINST THE CIPFA 2018
PRACTICAL GUIDANCE NOTE**

**REPORT OF THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR –
FINANCE, DIGITAL AND FRONTLINE SERVICES**

Author: Paul Griffiths (Service Director – Finance and Improvement Services) &
Lisa Cumpston (Audit Manager)

Item: 7

Background Papers

None.

Officer to contact: Paul Griffiths

APPENDIX 1 – ANNUAL REPORT 2022/23

**Rhondda Cynon Taf County
Borough Council**

Governance and Audit Committee

Annual Report 2022/23

1. **INTRODUCTION**

- 1.1 A key component of good governance for all organisations is to have in place a Governance and Audit Committee. Rhondda Cynon Taf County Borough Council complies with this requirement and the [Terms of Reference](#) for its Governance and Audit Committee, as included within the Council's Constitution, is set in line with the Local Government Measure 2011 and the Local Government and Elections (Wales) Act 2021. The responsibilities of Governance and Audit Committee, as required by the above legislation, is included at Appendix 1A.
- 1.2 Changes to the way the Council is operating since Covid-19, including new risks as a result of different ways of working, remote and digital working and other service changes have continued to influence the delivery of Council services, local communities and wider society. The Governance and Audit Committee was again mindful of this backdrop in setting its workplan for the year on [7th September 2022](#) and also of the need for robust and proportionate oversight of the Council's governance, internal control and risk managements to be in place. This translated into the continuation of an approach where the Governance and Audit Committee focussed on its core responsibilities:
- Reviewing the draft financial statements;
 - Scrutinising and being satisfied with the Council's Annual Governance Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements;
 - Monitoring the Council's internal audit function in terms of overseeing independence, objectivity, performance and professionalism, through the regular reporting of performance and finalised audit assignments;
 - Considering the effectiveness of the authority's risk management arrangements;
 - Considering reports and recommendations of external audit in respect of the Council;
 - Supporting the ongoing development and effectiveness of Governance and Audit Committee; and
 - Ensuring compliance with legal requirements, namely the Local Government and Elections (Wales) Act 2021, in respect of overseeing the Council's performance assessment and the arrangements for handling complaints.
- 1.3 Section 2 of this report summarises the work delivered by the Governance and Audit Committee during 2022/23 and Section 3 presents the outcome of the self-assessment against the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition' (from herein the CIPFA Guidance).

2. WORK DELIVERED IN 2022/23

2.1 The CIPFA Guidance identifies 'Core Functions' of a Governance and Audit Committee along with what it refers to as possible 'wider functions' of a Governance and Audit Committee.

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

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

2.3.1 Legislation requires the Council to prepare an Annual Governance Statement (AGS). The Draft AGS for 2021/22 was reported to the [18th July 2022](#) Governance and Audit Committee meeting and the Committee endorsed the 2021/22 AGS and recommended its certification by the Leader of the Council and the Chief Executive for inclusion within the Council's 2021/22 Statement of Accounts. Based on the review of effectiveness against the Local Code of Corporate Governance, as set out in the 2021/22 AGS, the Council's governance arrangements provided the basis to effectively manage service delivery, Corporate Plan priority areas and resources, and had appropriate regard to the on-going impact of the Covid-19 pandemic. As part of this process, the Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council's Senior Leadership Team and Governance and Audit Committee.

2.3.2 During 2022/23 the Committee monitored the extent of progress made by the Council to implement the agreed proposals for improvement set out within the 2021/22 AGS, and this update was reported to Audit Committee on [7th December 2022](#), noting the Committee were satisfied with the progress made to date.

2.3.3 For information, the draft AGS for 2022/23 is to be presented to a Governance and Audit Committee meeting in the first half of the 2023/24 financial year.

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

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

- 2.4.1 From the 1st April 2019 the Council's Internal Audit Service transferred to a regional Internal Audit Service, hosted by the Vale of Glamorgan Council and comprising four local authorities: Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Rhondda Cynon Taf County Borough Council and Vale of Glamorgan Council.
- 2.4.2 During 2020/21 the Covid-19 pandemic required Council Services to quickly adapt and implement changes to service delivery arrangements to ensure continued provision of essential frontline services, and this approach continued during 2021/22. Although the situation settled during 2022/23, an assessment of key risks and changes in service delivery arrangements were taken into account as part of compiling the Internal Audit Annual Strategy and Risk Based Internal Audit Plan 2022/23.
- 2.4.3 The Internal Audit Annual Plan for 2022/23 was reported to and approved by the Governance and Audit Committee on [18th July 2022](#) and the Head of the Regional Internal Audit Service outlined that the proposed plan would need to continue to recognise particular risks and challenges arising from revised working arrangements, such as remote ways of working. The plan would also need to be flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may arise.
- 2.4.4 During the year, the Governance and Audit Committee received Internal Audit performance updates, including how the Service was continuing to adapt and undertaking audit work remotely, and details of all finalised audit assignments; this suite of information has enabled Members to consider the effectiveness of the Internal Audit process for 2022/23.
- 2.4.5 A key part of the Governance and Audit Committee's role is to support the Council's Internal Audit Service to remain independent, assess whether it has adequate resources available to it and to monitor the performance and quality of work delivered throughout the year. The Internal Audit Service fulfilled this requirement through its Internal Audit Charter¹, that was presented to and approved by the Governance and Audit Committee on [18th July 2022](#), and provided the Committee with information to assess the independence of the Internal Audit Service.

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

- 2.5.1 Summary reports of finalised audit assignments were reported to the Governance and Audit Committee during the year to assist the Committee in forming an opinion on the overall control environment in place within the Council

¹ Internal Audit Charter - a formal document that establishes the Internal Audit Service's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Board (i.e. the Council's Governance and Audit Committee).

for 2022/23. The results of Internal Audit's work for the financial year is brought together in the form of the **Head of Internal Audit Annual Report**, and for 2022/23 will be reported in the first half of the 2023/24 financial year.

2.5.2 Based on the internal audit reviews complete during 2023/23 to date, the overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2022/23 is 'Effective with a small number of areas identified for improvement'. In addition, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses that have been identified are service specific. This position is based on the internal audit reviews undertaken to date and will be finalised and reported as part of the Head of Internal Audit Annual Report 2022/23.

2.5.3 In line with the above,

- There have been no audit assignments completed to final report stage across the 2022/23 planned areas to date where an audit opinion of limited assurance or no assurance has been placed on the current systems of internal control, governance and risk management.
- No follow-up reviews have been requested by Governance and Audit Committee to date during 2022/23 to be built into the 2023/24 Annual Audit Plan.

2.5.4 With regard to the risks of fraud and corruption:

- At the 7th December 2022 Governance and Audit Committee meeting, the Council's Service Director – Pensions, Procurement and Transactional Services provided a progress update against the Anti-Fraud, Bribery and Corruption work programme for 2022/23. This update provided assurance on the Council's arrangements to tackle potential fraud and covered the internal control environment that supports this area. The Anti-Fraud, Bribery and Corruption Annual Report for 2022/23 is to be presented to the 15th March 2023 Governance and Audit Committee for consideration / approval.
- The Whistleblowing Annual Report for 2022/23 will be reported to Governance and Audit Committee on 15th March 2023. The overall conclusion as set out in the Report (and subject to approval by Governance and Audit Committee), is that '*the Council's whistleblowing arrangements are appropriate*'.

2.5.5 As part of supporting Governance and Audit Committee to monitor the effectiveness of the Council's control environment, Members received introductory training sessions in July 2022 that provided an overview of the Committee's Terms of Reference. Further to this, at the [7th September 2022](#) Governance and Audit Committee meeting, Members agreed arrangements to support the Committee's on-going learning and development; this included a training needs analysis, that was completed by Committee Members in

November 2022 and the results reported to the Committee on [7th December 2022](#) (noting that the results were then used to inform a Learning and Development Plan that was reported to and agreed by the Committee at its [14th February 2023](#) meeting). Looking ahead to 2023/24, learning and development items will be reported to the Governance and Committee on at least a quarterly basis and the programme will be coordinated by Council Officers.

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

2.6.1 The work-plan for 2022/23 built on the work undertaken in the previous year and continued to widen the coverage of governance and risk management through:

- An overview of the Council's 2022/23 Strategic Risk Register was presented to the Governance and Audit Committee on 14th February 2023 and Members will continue to be provided with updates on this area where material changes occur. In addition, as part of these on-going arrangements, where the Committee determine that more detail updates are required on a specific strategic risk(s), these will be incorporated into the workplan as part of supporting the Committee's role in understanding, reviewing and challenging the Council's risk profile.
- AGS – the continuation of in-year and year-end progress updates to the Governance and Audit Committee on the implementation of proposals for improvement.
- In line with the requirements of the Local Government and Elections (Wales) Act 2021, on [7th December 2022](#) the Committee reviewed the Council's draft Self-Assessment for 2021/22 (incorporating the Council's Corporate Performance Report) in advance of consideration at a meeting of the full Council in January 2023 (noting that the self-assessment included information in respect of partnership / collaboration arrangements). The Governance and Audit Committee resolved, amongst other things, that: it was satisfied with the Chief Executive's responses to questions in respect of organisational capacity to deliver the bigger challenges within the nine themes emerging from the Self-Assessment and also the value of collaboration with partners to seek and deliver improvements in these areas of work; and to make no recommendations for change (in respect of the draft Self-assessment) prior to consideration by full Council.

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

- 2.7.1 At the [7th September 2022](#) Governance and Audit Committee, the Service Director – Finance Services presented the certified draft 2021/22 Statements of Account for the Council and the Rhondda Cynon Taf Pension Fund² (this update being accompanied by an overview of Accounting Policies presentation). Also, at the meeting of Governance and Audit Committee on 7th September 2022, Audit Wales provided a verbal update on the progress on the audit of the draft Statements of Account for 2021/22 and informed the Committee, amongst other things, that no significant matters have been identified through the external audit process of the accounts, to date, to bring to the attention of the Committee.
- 2.7.2 The Pension Fund audited Statement of Accounts for 2021/22 were subsequently reported to and approved by full Council on the [23rd November 2022](#) and the Council's 2021/22 audited Statement of Accounts reported to and approved by full Council on [18th January 2023](#). Both sets of Statement of Accounts were issued unqualified opinions by Audit Wales (i.e. clean bills of health).
- 2.7.3 Following on, a mid-year update was reported to the Committee on [7th December 2022](#) setting out a Council position statement of progress to implement recommendations / proposals for improvement reported by Audit Wales. Following review of the position statement, the Committee determined that there were no matters of a governance, internal control or risk management nature that require further action or attention by the Governance and Committee or any matters of a performance nature that require review by the Council's Scrutiny Committees.
- 2.7.4 Lastly and in line with the Committee's new responsibility, as agreed at the Council's 2022 Annual General Meeting, to review and scrutinise the Council's Treasury Management arrangements, Members of the Committee attended a separate bespoke Treasury Management training session on the 7th September 2022, delivered by the Council's approved Treasury Management Advisors. Following the training session, the Governance and Audit Committee met later the same day and scrutinised the Council's Treasury Management Annual Report 2021/22, following its reporting to full Council 6th July 2022. At the [14th February 2023](#) Governance and Audit Committee meeting, Members scrutinised the 2022/23 Mid-Year Treasury Management Stewardship Report, further to its reporting to full Council on 23rd November 2022.

² 7th September 2022 Governance and Audit Committee – the Committee also considered the certified draft 2021/22 Statement of Accounts for the Central South Consortium Joint Education Service Joint Committee and the certified draft 2021/22 Annual Return for the Llwydcoed Crematorium Joint Committee

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

2.8.1 At the first Governance and Audit Committee meeting of the 2022/23 Municipal Year on [18th July 2022](#), Audit Wales reported the 2022 Audit Plans for the Council and Rhondda Cynon Taf Pension Fund, and thereafter provided quarterly Audit Wales Work Programme Updates during the year to enable the Committee to be kept up-to-date with the work of Audit Wales and providing opportunity to seek clarity / further information where deemed required.

2.8.2 In addition, Audit Wales presented finalised reports to the Governance and Audit Committee during the year (accompanied by Council progress updates on the implementation of recommendations / proposals for improvement contained within the reports):

- [7th September 2022](#) – reports in respect of ‘Springing Forward – Strategic Asset Management’ and ‘Springing forward – Workforce’; and
- [7th December 2022](#) - the Audit Wales ‘Assurance and Risk Assessment Summary Report’ and ‘Transformational Leadership Programme Board – Baseline Review – Cwm Taf Morgannwg Regional Partnership Board’.

2.8.3 The Audit Wales ‘Annual Audit Summary 2022’ will be reported to the 15th March 2023 Governance and Audit Committee.

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

3.1 The self-assessment checklist included within the CIPFA Guidance has been completed and has been based on the Governance and Audit Committee arrangements in place during 2022/23 and from a review of the information reported to the Governance and Audit Committee over this period. The self-assessment is set out at **Appendix 1B** and also includes the results of previous years self-assessments for information purposes.

3.2 The 2022/23 self-assessment process demonstrates that the Council’s Governance and Audit Committee has progressed the proposals for improvement reported in 2021/22 and has identified three areas for improvement to further strengthen the existing arrangements in place.

3.3 An update on the progress made to implement proposals for improvement reported in 2021/22 and also new proposals for improvement are set out in Table 1.

Table 1 – 2021/22 Self-Assessment Progress Update and 2022/23 Self-Assessment Proposals for Improvement

Good Practice Questions		2021/22 Self-Assessment				2022/23 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2021/22 and 2022/23 Proposal for Improvement
7	<p>Functions of the committee Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? i.e. Good governance; assurance framework including partnerships and collaborative arrangements; internal audit; external audit; financial reporting; risk management; value for money or best value; counter fraud and corruption; and supporting the ethical framework.</p>				No finding / proposal for improvement included within the 2021/22 self-assessment.	✓			<p>The Governance and Audit Committee's 2022/23 annual Work Programme supported the delivery of its core responsibilities, as set out within the Committee's Terms of Reference.</p> <p>During 2022/23, information was reported to the Governance and Audit Committee in respect of partnerships and collaborative arrangements as part of the Council's 2021/22 Self-Assessment and also a specific partnership related report was issued by Audit Wales (i.e. Transformational Leadership Programme Board – Baseline Governance Review – Cwm Taf Morgannwg Regional Partnership Board).</p> <p>It is considered the arrangements can be built upon by the Council to set out the overall partnership landscape it operates within and the strategic approach to enable the Committee to determine whether it requires further information and / or assurance in this area.</p>

Good Practice Questions		2021/22 Self-Assessment				2022/23 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2021/22 and 2022/23 Proposal for Improvement
12b.	<p><u>MEMBERSHIP AND SUPPORT</u></p> <p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> an appropriate mix of knowledge and skills among the membership 	✓			<p><u>Proposals for Improvement (2021/22)</u></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>Development a library of on-line learning and development information for Committee Members as part of learning and development support arrangements.</p>	✓			<p>A training needs analysis has been undertaken during the year and has inform the compilation of a refreshed learning and development plan that will commence delivery from March 2023 (and be kept under on-going review).</p> <p>The learning and development work undertaken following the Local Government elections in May 2022 has focussed on completing the training needs analysis and compiling a new learning and development plan. As learning and development sessions are delivered during 2023, these will be made available via an on-line library.</p>

Good Practice Questions		2021/22 Self-Assessment				2022/23 Self-Assessment			
		Yes	Partly	No	Response & Proposal for Improvement	Yes	Partly	No	Progress made since 2021/22 and 2022/23 Proposal for Improvement
23	<p><u>EFFECTIVENESS OF THE COMMITTEE</u></p> <p><u>Good practice question</u> Has the committee evaluated whether and how it is adding value to the organisation?</p>		✓		<p>The 2021/22 work programme supported the Committee in delivering its terms of reference and included updates in relation to: learning and development; assurance; governance and risk; performance updates from internal and external audit; and preparatory work in readiness for the Committee's new responsibilities under the Local Government and Elections (Wales) Act 2021.</p> <p>This position will built on in 2022/23 through the compilation of a balanced programme of work and seeking feedback from the Committee on the effectiveness of its work.</p>		✓		<p>Section 2 of the Annual Report sets out the range of information reported to the Governance and Audit Committee during 2022/23 as part of supporting the Committee to deliver its Terms of Reference,</p> <p>Building on the sound arrangements in place, there is a need to continue to capture feedback from the Committee on areas for improvement and engage with other local authorities / bodies to identify good practice / approaches to evaluate the impact of the Governance and Audit Committee's work.</p>

3.4 Subject to a version of the Governance and Audit Committee Annual Report 2022/23 being agreed, the proposals for improvement (as per Table 1) will form the basis of an action plan that will be led and managed by the Governance and Audit Committee during 2023/24 and kept under on-going review.

4. CONCLUSIONS

- 4.1 During 2022/23 the Council's Governance and Audit Committee has reviewed and challenged a range of topic areas, including the work of Internal and External Audit, the Committee's responsibilities as set out in the Local Government and Elections (Wales) Act 2021 and its new responsibility as agreed at the Council's 2022 Annual General Meeting in respect of reviewing and scrutinising the Council's Treasury Management arrangements.
- 4.2 From a review of the coverage of Governance and Audit Committee's work and oversight during the year, as set out in Section 2, it is considered that the Committee has delivered its workplan and responsibilities in line with its Terms of Reference, and has been supported via a range of specific learning and development sessions.
- 4.3 The Annual Report also sets out, in Section 3 / Appendix 1B, the results of the self-assessment undertaken against the checklist included within the CIPFA Guidance. The outcome of the 2022/23 self-assessment process, consistent with previous years, demonstrates that the Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that a small number of new proposals for improvement have been identified to further strengthen existing arrangements.

RESPONSIBILITIES OF AUDIT COMMITTEE IN LINE WITH THE LOCAL GOVERNMENT (WALES) MEASURE 2011 AND LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021

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

Local authorities to appoint governance and audit committees

A local authority must appoint a committee (a “Governance and Audit Committee”) to—

- a) review and scrutinise the authority's financial affairs,
- b) make reports and recommendations in relation to the authority's financial affairs,
- c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
- d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
- (da) review and assess the authority's ability to handle complaints effectively,
- (db) make reports and recommendations in relation to the authority's ability to handle complaints effectively
- e) oversee the authority's internal and external audit arrangements, and
- f) review the financial statements prepared by the authority.

A local authority may confer on its Governance and Audit Committee such other functions as the authority considers suitable to be exercised by such a committee.

It is for a Governance and Audit Committee to determine how to exercise its functions.

Local Government and Elections (Wales) Act 2021

Council Performance Arrangements

- (i) To consider the Council's draft Annual Performance Self-Assessment report and if deemed necessary may make recommendations for changes to the Council.
- (ii) To receive the Council's finalised Annual Self-Assessment report in respect of a financial year as soon as reasonably practicable after the end of that financial year.
- (iii) At least once during the period between two consecutive ordinary elections of councillors to the Council, consider the independent Panel Performance Assessment report into which the Council is meeting its performance requirements.
- (iv) To receive and review the Council's draft response to the report of the independent Panel Performance Assessment and if deemed necessary may make recommendations for changes to the statements made in the draft response to the Council.

Complaints Handling

- (i) To review and assess the Council's ability to deal with complaints effectively.
- (ii) To make reports and recommendations in relation to the Council's ability to deal with complaints effectively.

Self-assessment of good practice

Good practice questions		2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment			2022/23 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No	Yes	Partly	No	Yes	Partly	No
Audit committee purpose and governance													
1	Does the authority have a dedicated audit committee?	✓			✓			✓			✓		
2	Does the audit committee report directly to Full Council?	✓			✓			✓			✓		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			✓			✓			✓		
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			✓			✓			✓		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			✓			✓			✓		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			✓			✓			✓		
Functions of the committee													
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships and collaboration arrangements • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework 	✓			✓			✓			✓		
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓			✓			✓			✓		

Good practice questions		2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment			2022/23 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No	Yes	Partly	No	Yes	Partly	No
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓			✓			✓			✓		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A			N/A			N/A					
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			✓			✓			✓		
Membership and support													
12	Has an effective audit committee structure and composition of the committee been selected? This should include:												
a.	separation from the executive	✓			✓			✓			✓		
b.	an appropriate mix of knowledge and skills among the membership		✓		✓			✓			✓		
c.	a size of committee that is not unwieldy	✓			✓			✓			✓		
d.	consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)	✓			✓			✓			✓		
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the Full Council?	✓			✓			N/A			✓		
14	Does the chair of the committee have appropriate knowledge and skills?	✓			✓			✓			✓		
15	Are arrangements in place to support the committee with briefings and training?	✓			✓			✓			✓		
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓	✓			✓			✓		

Good practice questions		2019/20 Self-Assessment			2020/21 Self-Assessment			2021/22 Self-Assessment			2022/23 Self-Assessment		
		Yes	Partly	No	Yes	Partly	No	Yes	Partly	No	Yes	Partly	No
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Finance Officer?	✓			✓			✓			✓		
18	Is adequate secretariat and administrative support to the committee provided?	✓			✓			✓			✓		
Effectiveness of the committee													
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓					✓	✓			✓		
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓			✓			✓			✓		
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓				✓		✓			✓		
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			✓			✓			✓		
23	Has the committee evaluated whether and how it is adding value to the organisation?		✓			✓			✓			✓	
24	Does the committee have an action plan to improve any areas of weakness?	✓			✓			✓			✓		
25	Does the committee publish an annual report to account for its performance and explain its work?	✓			✓			✓			✓		

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2023/24

GOVERNANCE AND AUDIT COMMITTEE 15 th March 2023	AGENDA ITEM NO. 8
REPORT OF THE HEAD OF THE REGIONAL AUDIT SERVICE in consultation with THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR – FINANCE, DIGITAL AND FRONTLINE SERVICES	INTERNAL AUDIT CHARTER 2023/24

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 2023/24.

2. RECOMMENDATION

It is recommended that Members:

2.1 Consider and approve the Regional Internal Audit Service Charter for 2023/24 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 2023/24

- 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 2023/24 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 2023/24 to ensure it continues to reflect the requirements of the PSIAS and is applicable to all four Councils involved in the Shared Service. The Charter has been updated in Section 2.17 of the Charter to state that “in addition to the Code of Ethics staff must comply with the Seven Principles of Public Life and the Vale of Glamorgan Council’s Code of Corporate Governance which are referred to in Annex 3 – Additional Requirements.”
- 5.4 Paragraph 4.11 of the Charter relating to External Assessment has also been updated to reflect that a comprehensive and detailed self-assessment has been carried out during 2022 and shared with the external assessors in November 2022. The external assessment of RIAS is currently in progress and is due to be completed in April 2023.

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 2023/24 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

15th March 2023

INTERNAL AUDIT CHARTER 2023/24

HEAD OF REGIONAL AUDIT SERVICE in consultation with THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR – FINANCE, DIGITAL AND FRONTLINE SERVICES

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

Item: 8

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 2023/24

Bridgend County Borough Council



Merthyr Tydfil County Borough Council



Rhondda Cynon Taf County Borough Council



Vale of Glamorgan Council



March 2023

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.

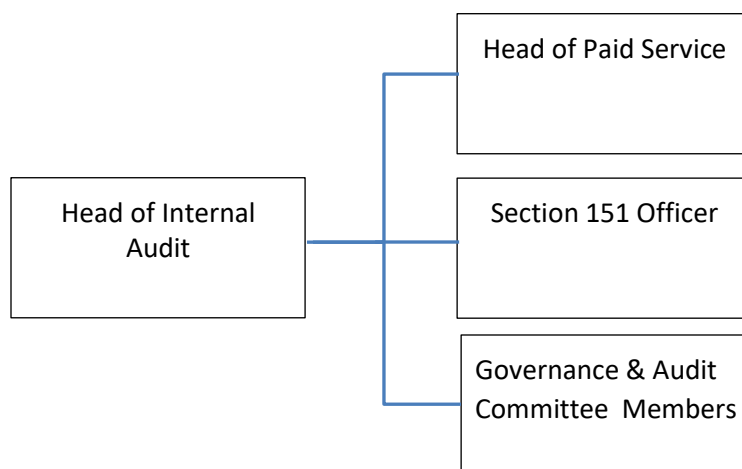
Rights of Access

- 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.
- 2.17 In addition to the Code of Ethics staff must comply with the Seven Principles of Public Life and the Vale of Glamorgan Council's Code of Corporate Governance which are referred to in Annex 3 – Additional Requirements.

Shared Service

- 2.18 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.
- 2.19 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.
- 2.20 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.
- 4.11 A comprehensive and detailed self-assessment has been carried out in 2022 and shared with the external assessors in November 2022. The external assessment of the RIAS is currently in progress and is due to be completed in April 2023.

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.

Annex 3 – Additional Requirements

In addition to the Code of Ethics staff must comply with the **Seven Principles of Public Life** and the **Vale of Glamorgan Council’s Code of Corporate Governance**.

The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and **all people appointed to work in** the Civil Service, **local government**, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. **All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.**

1.1 Selflessness

Holders of public office should act solely in terms of the public interest.

1.2 Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

1.3 Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

1.4 Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

1.5 Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

1.6 Honesty

Holders of public office should be truthful.

1.7 Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

More information is available via this link:

www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2;

Vale of Glamorgan Council - Code of Corporate Governance

Staff also need to be aware of and comply with the Council's Code of Corporate Governance which is part of the Constitution. Below is a link to the document:

[https://www.valeofglamorgan.gov.uk/Documents/ Committee%20Reports/Committee %20Information/Constitution/November-2022/22-11-10-Section-23.pdf](https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Committee%20Information/Constitution/November-2022/22-11-10-Section-23.pdf);

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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