



## **RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE**

Minutes of the meeting of the Audit Committee held on Monday, 5 November 2018 at 5.00 pm at the Council Chamber, The Pavilions, Cambrian Park, Clydach Vale, Tonypany, CF40 2XX.

### **County Borough Councillors - Audit Committee Members in attendance:-**

Councillor G Caple	Councillor A Cox
Councillor J Cullwick	Councillor M Fidler Jones
Councillor M Adams	Councillor H Boggis
Councillor R Smith	Councillor R Yeo
Councillor G Davies	Councillor K Jones
Councillor M Norris	Councillor E Webster
Councillor J Elliott	Councillor D Owen-Jones

### **Officers in attendance**

Mr C Jones, Director, Legal & Democratic Services  
Mr P Griffiths, Service Director, Performance & Improvement  
Mr M Crumby, Head of Internal Audit & Procurement Delivery Programme  
Mr I Traylor, Head of Service, Pensions, Payroll & Payments  
Ms S Davies, Head of Finance: Education And Financial Reporting  
Mr M Davies, Revenues and Corporate Fraud Team Manager  
Mr A Gough, Insurance Manager

### **20 Welcome & Introductions**

The Chair took the opportunity to welcome new Members to the meeting of the Audit Committee and introductions were made.

### **21 Apologies for Absence**

Apologies for absence were received from County Borough Councillor M. Powell and the Wales Audit Office.

### **22 Declaration of Interest**

In accordance with the Council's Code of Conduct, the following County Borough Councillors declared a personal interest:

- County Borough Councillor E. Webster in relation to Agenda Item 8 - Finalised Internal Audit Assignments. "I am a Governor of Treorchy Comprehensive School".
- County Borough Councillor M. Fidler Jones in relation to Agenda Item 7 – Internal Audit Performance. "I am a Governor of Hawthorn Primary School".
- County Borough Councillor J. Elliott in relation to Agenda Item 7 - Internal Audit Performance. "I am a Governor of Cwmbach Primary School".
- The Chair, Mr R. Hull in relation to Agenda Item 4 – Council's Insurance Function - "The Insurance Manager, Mr A. Gough is my son in law".

## 23 Minutes

It was **RESOLVED** to approve the minutes of the 17<sup>th</sup> September, 2018 as an accurate reflection of the meeting.

## 24 Matters Arising

Minute No. 16 – In relation to training received by members of staff within schools, the Head of Internal Audit & Procurement Delivery Programme confirmed that in the event of high priority recommendations being raised in future Internal Audit reports, as part of the fieldwork, Auditors have been asked to establish what training has been provided to the relevant staff. This will be reported within the relevant section of each report in the future.

Minute No. 19 – Finalised Audit Assignments – At the previous meeting, Members requested further information in respect of the 6<sup>th</sup> Form provision at Cardinal Newman Roman Catholic Comprehensive School. The Head of Internal Audit & Procurement Delivery Programme confirmed that in 2012 the School began working in partnership whereby its 6<sup>th</sup> form were taught at the nearby College and throughout this time the children remained the responsibility of the School. During the academic year 2016/17, the School decided to withdraw from the arrangement which resulted in year 12 students being taught at the School with effect from September 2017. At this time, year 13 students remained at the College to complete their studies.

## 25 Appointment of Vice Chair

In accordance with Minute No. 73 (Council, 24<sup>th</sup> October, 2018) where it was resolved that the appointment of the Vice-Chair of the Council's Audit Committee for the Municipal year 2018/2019 be presented back to the Audit Committee, the Director, Legal & Democratic Services sought nominations for this position.

Following a vote, it was **RESOLVED** that County Borough Councillor K. Jones be elected as Vice-Chair of the Audit Committee for the Municipal Year 2018/19.

## 26 Council's Insurance Function

With the aide of a PowerPoint presentation, the Head of Internal Audit & Procurement Development Programme and the Insurance Manager provided the Audit Committee with information in respect of the role of the Audit Committee and how the Insurance Service fits in with the Council's overall risk management arrangements. Members received information in respect of the main types of insurance policies, how claims are processed and the management of data.

The Service Director, Performance and Improvement reminded Members of the Committee's Terms of Reference and their remit to consider the robustness of internal control arrangements. The Service Director added that the purpose of such presentations was to broaden Members' knowledge and understanding in order to assist them when discharging their responsibilities as Audit Committee Members.

Members went on to raise a number of questions for officers.

With regard to the Fidelity Guarantee Policy, one Member questioned which

officers were covered against embezzlement. It was explained that the list contained Senior Officers who were of Grade 15 and above, and those officers who have specific control responsibilities within the Local Authority.

Discussions ensued around claim hotspots with officers advising that none had been identified in the last two years. The officers went on to indicate that should hotspots / trends be identified as part of on-going monitoring arrangements, data would be shared with the relevant service area to determine what preventative action(s) could be taken.

Members raised a number of queries in respect of the risk management of fraud cases, asking officers to expand on how cases are progressed and officers reinforced the Council's zero tolerance approach to those that attempt to defraud the Council.

One Member questioned the impact that Brexit may have on insurance premiums. It was noted that although the effects of Brexit remain unclear, the Council were in a long term agreement for the next two years and as a result, it is expected that premiums would not be significantly affected.

Another Member raised a question in respect of the Council's responsibilities in relation to unmaintained rear lanes. It was explained that the Council does not have responsibility for all public lanes, but under case law, officers must take a risk based approach when determining which rear lanes pose the largest risk to public safety e.g. those with a higher footfall would be maintained initially.

Following discussion, the Committee **RESOLVED** to approve the information provided in the report.

## **27 Council's Treasury Management Function**

With the aide of a PowerPoint presentation, the Head of Finance: Education & Reporting provided Members with information on the role of the Audit Committee in relation to Treasury Management.

The Head of Finance also provided Members with an overview of the governance and control arrangements in place when the Council discharges its Treasury Management function.

One Member referred the Committee to a recent news report on a website that made reference to Welsh public finances being lost as a result of fraud. Officers fed back that they were not aware of the specific article in question but confirmed that they would review the detail and report back to the Committee.

It was **RESOLVED**:

1. To acknowledge the information received.
2. That Officers report back in respect of the news article around public finances in Wales being lost to fraud.

**(Note:** At this point in the proceedings, County Borough Councillor J. Elliott left the meeting).

## **28 National Fraud Initiative**

The Head of Pensions, Payroll & Payments presented the report of the Group

Director, Corporate & Frontline Services in respect of the Anti-Fraud, Bribery & Corruption Progress Report for 2018/19.

Members were referred to the table within the report which set out the total number of fraud referrals for 2018/19, the majority of which related to financial fraud against benefit/income support system. The Head of Pensions, Payroll & Payments indicated that these referrals were passported to the Department for Work and Pensions (Fraud and Error Service) who have responsibility for investigating this area. Upon reviewing Table 2 of the report where the Department for Work and Pensions referrals were outlined, Members noted that the quarter was dated 'January – March 2018' and the officer advised that this would be raised with the Department for Work and Pensions to ensure their reporting timescales are up to date with that of the Council's.

Referring to the Government's phased roll-out of Universal Credit, Members raised concerns on the potential affect of fraudulent activity. The officer advised that due to a change in process with the joint links with the Department for Work and Pensions, it was anticipated that the initial difficulty would be around claimants making a claim rather than a fraudulent claim, and that officers would thoroughly monitor the situation as it develops.

**(Note:** At this point in the proceedings, County Borough Councillor M. Fidler-Jones left the meeting).

Further to Members questions, the Revenues and Corporate Fraud Team Manager, with the aide of a PowerPoint presentation, provided Members with an overview of the National Fraud Initiative (NFI). He advised that the NFI was a data service which reviews and collates datasets from various public organisations and utilises unique matching fields to identify where one individual is linked to another (or more) datasets.

During the discussions that followed this presentation, Officers reaffirmed Committee of the Council's zero tolerance on all types of fraud, including attempted fraud and that legal action is always taken if possible.

Following discussion and further questions from Committee, it was **RESOLVED** to:-

1. Agree to receive updates in respect of the work of the Corporate Fraud Team at future meetings in accordance with the Terms of Reference and agreed workplans of the Audit Committee.

**(Note:** At this point in the proceedings, County Borough Councillor R. Smith left the meeting).

## **29 Internal Audit Performance**

The Head of Internal Audit & Procurement Development Programme presented the Internal Audit Performance for 2018/19 providing performance information in respect of the Internal Audit Service between 1<sup>st</sup> April 2018 and 26<sup>th</sup> October 2018.

It was reported that the Internal Audit Plan currently includes 79 individual audit assignments and, as at 26<sup>th</sup> October 2018, 44% of the Plan had been completed to report stage.

The officer explained that Appendix 2 of the report provides a summary of the status of all recommendations made by the Internal Audit Service, grouped under the relevant service of the Council. The Committee was informed that there were no overdue / outstanding recommendations to report.

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

### **30 Finalised Internal Audit Assignments**

The Head of Internal Audit & Procurement Development Programme introduced the report of the Group Director, Corporate & Frontline Services in respect of the audit assignments completed between 5<sup>th</sup> September 2018 and 26<sup>th</sup> October 2018:-

- Caegarw Primary School;
- Cwmdar Primary School;
- Gelli Primary School;
- Hirwaun Primary School;
- Treorchy Comprehensive School; and
- Y Pant Comprehensive School - Follow Up.

Discussions ensued around the follow-up review of Y Pant Comprehensive School with Members expressing concerns in respect of the number of high priority recommendations and the unsatisfactory progress evidenced within the report. Members acknowledged that a new finance team had been put in place since the initial audit was undertaken, but stressed the need for the School and its Governing Body to be made aware of the serious repercussions of not taking positive steps to improve the areas summarised within the audit assignment.

Following consideration of the outcomes of the assignments it was **RESOLVED:-**

1. To receive and acknowledge the information contained within the report.
2. That the Audit Committee send a letter to the Headteacher and Governing Body of Y Pant Comprehensive School and advise the Cabinet Member for Education & Lifelong Learning and the Director, Education & Inclusion Services of the lack of improvement evidenced within the follow up audit assignment.
3. That a full audit be undertaken at the school in six months and the findings reported back to the Audit Committee for consideration and if deemed required, further action.

### **31 Urgent Business**

The Service Director, Performance & Improvement took the opportunity to advise the Audit Committee that a Regional Internal Audit Shared Service appointment panel had been established for the recruitment of the Head of Internal Audit and that interviews would take place on 16<sup>th</sup> November 2018. The Service Director also advised that the panel would include the Council's Group Director, Corporate & Frontline Services and Chairperson of Rhondda Cynon Taf Council's Audit Committee.

The Service Director, Performance & Improvement went on to indicate that as progress is made toward implementing the Regional Service, further updates

would be reported to Audit Committee.

**This meeting closed at 7.10 pm**

**R Hull  
Chairman.**