



RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee meeting held on Tuesday, 5 November 2019 at 5.00 pm at the Council Chamber, The Pavilions, Cambrian Park. Clydach Vale, Tonypany, CF40 2XX.

Chair in attendance:- Mr R. Hull

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 G Davies
Councillor M Norris	Councillor S Rees
Councillor G Hughes	Councillor S Powell

Officers in attendance

Mr C Hanagan, Service Director of Democratic Services & Communication
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr S Humphreys, Head of Legal Services
Mr M Thomas, Head of Regional Audit Service
Ms L Cumpston, Group Audit Manager
Ms S Davies, Head of Finance
Mr M Jones - Wales Audit Office
Ms J Morgan - Wales Audit Office

26 Apologies for Absence

Apologies for absence were received from County Borough Councillors K. Jones, R. Yeo, M. Powell and D. Owen-Jones.

27 Declaration of Interest

In accordance with the Council's Code of Conduct, the following declarations of interest were made:

- Chair/Lay Member Mr R. Hull declared a personal interest in Item 6 – Finalised Audit Assignments “My daughter is Vice-Chair of Governors at Ton Pentre Junior School”
- County Borough Councillor S. Powell declared a personal interest in Item 6 – Finalised Audit Assignments “I am Governor of Y Pant School”

28 Minutes

It was **RESOLVED** to approve the minutes of the 16th September 2019 as an accurate reflection of the meeting.

29 Matters Arising

Minute No. 25 – Following discussions at the previous meeting of the Audit Committee, the Head of the Regional Internal Audit Service advised that Internal

Audit had since provided a presentation to newly appointed Primary School Head Teachers in respect of the role of Internal Audit and the self-evaluation checklist and that they had been invited to attend the Secondary Headteacher's meeting to provide a presentation on the Self Evaluation Toolkit that is being introduced at Secondary Schools to allow them to take a proactive approach to controls and training requirements.

30 Role of Internal Audit (incorporating an update on the Regional Internal Audit Shared Service)

With the aid of a PowerPoint presentation, the Head of the Regional Internal Audit Service provided Members with an overview of the role of the Internal Audit Service and an update on the shared service. The presentation covered both the immediate priorities and achievements of the service and the longer-term goals.

Members agreed that the shared service for the Local Authorities was positive and questioned whether there was a system in place to share good practice. It was explained that although there was no specific system in place, good practice was regularly shared through audit plans and informal work with officers of each Authority.

When questioned about the specialist areas to be focussed on by the Internal Audit Service, the Head of Regional Internal Audit Service advised of the following potential opportunities after a new structure is agreed:

- Contract Auditor – The recruitment of an applicant with experience and a technical background; and
- Computer Auditor – The officer will look at all four of the Local Authorities and be trained by a more senior member of staff.

One Member queried whether the service was subject to capacity issues as none of the four Local Authorities had hit their annual targets. The Head of the Regional Internal Audit Service confirmed that there were vacancies in the wider Team and that posts would be advertised when the structure was agreed and that the RCT based Team was at full strength. In terms of the work delivered this was at the same level as the previous year. The Head of the Regional Internal Audit Service assured Members that the four Local Authorities were the priority of the service and advised that the audit plans were ambitious and were based on services at full capacity. The officer went on to explain that very few, if any, Internal Audit Teams delivered all of their planned work due to unplanned work that arises and explained that resources were flexible to ensure high priority / high risk areas receive sufficient audit coverage during the year.

The Chair thanked the officer for the informative presentation and Members **RESOLVED** to acknowledge the update.

31 Role of External Audit (Wales Audit Office)

With the aid of a PowerPoint presentation, the Wales Audit Office provided the Committee with an overview of the role of the Auditor General for Wales and the Wales Audit Office. The presentation covered External Audit's assessment functions, the responsibilities in relation to the Well-being of Future Generations (Wales) Act 2015, the 2019 Work Programme and examples of recent reports for Members to access, should they wish to do so.

Discussions ensued around the 'Audit Committee Development Support' item, which was referenced within the Wales Audit Office 2019 Work Programme. Members were informed that the Wales Audit Office will work alongside Audit Committee members and relevant officers to support and further develop the Committee, as part of the Council's wider governance arrangements. One Member spoke of the recent changes made to the Council's Scrutiny Committees, whereby a number of reports were provided for information, to ensure the Committees can dedicate their time to scrutinising the necessary reports. The Member questioned whether Wales Audit Office envisaged a similar process for the Audit Committee reports. The Service Director, Democratic Services and Communication confirmed that there would be an opportunity to implement a similar process within the Audit Committee setting in the future, when the process becomes familiar within a Scrutiny setting.

The Chair thanked the Wales Audit Office for their presentation and the Audit Committee **RESOLVED** to acknowledge the update provided.

32 Internal Audit Performance

The Group Audit Manager presented the Internal Audit Performance for the period 1st April 2019 and 18th October 2019.

It was reported that the Internal Audit Plan currently includes 69 individual audit assignments and, as at the 5th November 2019, approximately 50% of planned audit work had been completed to report stage. The officer was pleased to report that this was broadly in line with the position reported the same time last year.

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

33 Finalised Audit Assignments

The Head of the Regional Internal Audit Service introduced the report of the Director of Finance and Digital Services, in respect of the audit assignments completed between 1st September 2019 and 18th October 2019.

Members were asked to consider the following audit assignments:

- Penrhiwceibr Primary School 2019/20
- Ton Pentre Junior School 2019/20
- Tonyrefail Community School 2019/20
- Y Pant School Follow Up 2019/20
- Parking Services 2019/20

Discussions ensued around the internal audit report for Tonyrefail Community School, with Members acknowledging that the new school had only opened in September 2018. Members were informed that the school had been pro-active in requesting assistance and had shown commitment to improve. Members raised questions in respect of the recommendations listed within Sections 5.3.2 and 5.3.3 of the Tonyrefail Community School audit report and were informed that a combination of factors contributed to the errors made in respect of school meals, such as it being a new school with new systems. Audit Committee members sought assurance that a responsible approach would be taken to collecting school meal arrears and the Group Audit Manager assured the Committee that

each case would be considered on its individual circumstances and recovery action only taken where it is deemed appropriate to do so. The Group Audit Manager also confirmed that work is progressing to ensure the necessary controls are in place at the School in respect of the collection of school meal income and the management of arrears should they arise.

In respect of Y Pant School audit, which had been subject to two previous audits, the Group Audit Manager was pleased to inform Members that there were no high priority recommendations identified and that the two new members of staff had shown commitment to implementing the recommendations.

In relation to the audit report for Parking Services, one Member spoke of the ongoing problems within his ward and whether the Local Authority could work closer with South Wales Police to take other appropriate action on those residents who accumulate multiple fines. The Legal Officer advised the Member that fines were the only enforcement method within the Local Authority's power to address such issues.

Following discussion, it was **RESOLVED**:

- a) To receive and acknowledge the information contained within the report;
and
- b) To receive a follow up audit of Tonyrefail Community School in six months' time

34 Overview of the Governance Arrangements in place in respect of a Core Financial System - General Ledger

With the aid of a PowerPoint presentation, the Head of Finance – Education and Financial Reporting provided the Audit Committee with an overview of the General Ledger and the assurance Committee should be seeking in relation to this area. The Head of Finance spoke of the control environment in place for the General Ledger, called 'Civica Financials', and the role it plays in recording the financial position of the Council, and provided confirmation to Committee that the latest Internal Audit review of the General Ledger concluded that the overall control environment was effective. The Head of Finance went on to indicate that the 2019/20 Internal Audit plan includes a review of the General Ledger, the findings of which will be reported to Audit Committee later this year.

Following questions from Members, it was **RESOLVED** to acknowledge the update provided.

This meeting closed at 7.00 pm

**R Hull
Chairman.**