



RHONDDA CYNON TAF COUNCIL GOVERNANCE AND AUDIT COMMITTEE
Minutes of the virtual meeting of the Governance and Audit Committee held on Monday, 12 July
2021 at 5.00 pm.

County Borough Councillors:

Councillor G Davies	Councillor G Caple
Councillor J Cullwick	Councillor M Adams
Councillor M Norris	Councillor D Owen-Jones
Councillor S Rees	Councillor E Webster
Councillor M Griffiths	Councillor R Williams
Councillor J Edwards	Councillor S Trask
Mr C Jones	

Lay Member: Mr C Jones

Officers in attendance

Mr A Wilkins, Director of Legal Services
Mr C Hanagan, Service Director of Democratic Services & Communication
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services
Mr M Thomas-Head of Regional; Internal Audit Service
Ms L Cumpston, Group Audit Manager
Ms S Davies, Head of Finance – Education and Financial Reporting

1 Welcomes and Apologies

The Director, Legal Services welcomed attendees to the meeting and an apology for absence was received from County Borough Councillor S.Powell.

2 Declaration of Interest

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

3 APPOINTMENT OF CHAIR

The Director, Legal Services reminded Members of the requirements of paragraph 9.4 of the Local Government (Wales) Measure 2011 in relation to the appointment of the Chair of the Governance and Audit Committee. It was explained that the Committee Members themselves decide upon the Chair and it can be a Councillor or a Lay Member, but cannot be a Councillor who is a member of the executive group'.

With this in mind, the Director, Legal Services sought nominations for the position and it was **RESOLVED** that Lay Member Mr C Jones be elected as Chairman of the Governance and Audit Committee for the Municipal Year 2021/22.

4 APPOINTMENT OF VICE-CHAIR

The Chair sought nominations for the position of Vice-Chair to the Governance and Audit Committee for the Municipal Year 2021/22. It was **RESOLVED** that County Borough Councillor G Davies be elected as Vice-Chair of the Governance and Audit Committee for the Municipal Year 2021/22.

5 Minutes

It was **RESOLVED** to approve the minutes of the 26th April 2021 as an accurate reflection of the meeting.

6 Matters Arising

Minute No. 47 – The Service Director Finance & Improvement Services updated Members of the timeline for the revised Whistleblowing Policy to be sent to all staff and Members via a payslip insert, this to be timetabled following the implementation of a significant project that is current progressing in respect of a new HR / Payroll system. The Service Director added that in the interim an email will be sent to all managers advising them of the revised policy and requesting that this is cascading to team members.

7 Overview of Accounting Policies

With the aid of a Power Point presentation, the Head of Finance: Education and Financial Reporting provided Members with an overview of accounting policies. With the permission of the Chair and agreement of Committee Members items 5 and 6 on the agenda, namely Overview of Accounting Policies and Draft Statements of Account 2020/21 respectively, were taken together and questions received at the end of the presentation.

Members were advised that the purpose of the presentation was to provide an overview of accounting policies and critical judgements applied when statements of accounts are prepared and to aid Committee Members role in the approval process.

The Head of Finance took Members through the content of the presentation covering Governance Framework; Timescales, Accounting Policies; Critical Judgements in applying Accounting Policies; Assumptions about the future and other sources of estimation uncertainty; and Impact of Covid-19.

The Head of Finance discussed the timescales and identified the 2 key dates in the process for the 2020/21 financial year: the date of certification of the unaudited Statement of Accounts by 31st May following financial year-end and date of approval and publication of the audited Statement of Accounts by 31st July following financial year-end. The Head of Finance drew Members attention to the impact of Covid-19 on the timescales for certification and publication for the 2020/21 Statements of Account, with timescales being re-set to 2nd July 2021 and autumn 2021 respectively to enable staff to focus and prioritise on supporting key frontline services and assess the ongoing financial implications of Covid-19 on the Council. The Head of Finance added that in line with the Accounts and Audit Regulations, where the unaudited accounts are not certified by the laid down date of 31st May following financial year end, there is a requirement to publish a statement setting out the reasons for non-compliance – confirmation was provided by the Head of Finance that this requirement has been complied with.

Details were provided on the Accounting Policy disclosures for each Statement of Accounts explaining reasons for differences. Details were also provided regarding “Critical Judgements” and “Assumptions about the Future and other major sources of Estimation Uncertainty”.

The Chair thanked the Head of Finance for the presentation and requested the Officer to present Agenda Item 6, Draft Statements of Account 2020/21, to the Committee before inviting Member questions.

8 Draft Statements of Account 2020/21

The Head of Finance: Education and Financial Reporting provided the Governance and Audit Committee with the opportunity to consider the certified draft Statements of Account for the 2020/21 financial year in respect of the Council, Rhondda Cynon Taf Pension Fund, Central South Consortium Joint Education Service Joint Committee and the Annual Return for Llwydcoed Crematorium Joint Committee.

The Head of Finance also outlined that the purpose of the report was for the Committee to consider the impact, if any, upon the Statements of Account and Annual Return of issues and audit reports brought before Committee during the year. Members were informed that the report also provides an update on the continued impact of Covid-19 on proposed plans for the earlier production and audit of the Statements of Account and Annual Return in accordance with the requirements of the Account and Audit (Wales) (Amendment) Regulations 2018.

The Head of Finance drew Members attention to Sections 3 and 4 of the report that set out the timescales for the certification and audit / publication of Statement of Accounts, as relayed to Members at Item 5 of the agenda. The Head of Finance also drew Members attention to paragraph 5.1 of the report in respect of the role of Audit Committees in the approval process of a Council's Statement of Accounts, in line with the Local Government Measure 2011 and the Chartered Institute of Public Finance and Accountancy toolkit, the toolkit being included as Appendix 5 of the report.

With the agreement of the Chair and Members, the Head of Finance invited Audit Wales to provide an update on the progress of the audits to date.

Audit Wales firstly thanked the Head of Finance and the wider team for their co-operation over the last 18 months and the timeline they have been able to produce the accounts within. Audit Wales advised that the audit of the Central South Consortium Joint Education Service Joint Committee Statement of Accounts is nearing completion with no significant areas to bring to the attention of the Governance and Audit Committee and noting that the audited accounts will be reported to the Central South Consortium Joint Committee when finalised. Audit Wales went on to confirm that initial work on the audit of the Council's Statement of Accounts has commenced with no significant matters to be brought to the attention of the Governance and Audit Committees to date and that a further update will be provided to the Committee post-summer.

The Chair thanked both officers and commended the detail of work that had gone into the reports in the context of the additional challenges presented by the Covid-19 pandemic.

The Audit Committee **RESOLVED:**

1. To consider the Council's certified draft Statement of Accounts for the financial year 2020/21 (Appendix 1);
2. To consider the Rhondda Cynon Taf Pension Fund certified draft Statement of Accounts for the financial year 2020/21 (Appendix 2);
3. To consider the Central South Consortium Joint Education Service Joint Committee certified draft Statement of Accounts for the financial year 2020/21 (Appendix 3);
4. To consider the Llwydcoed Crematorium Joint Committee certified draft Annual Return for the financial year 2020/21 (Appendix 4);
5. To consider the impact, if any, upon the Statements of Account and Annual Return of issues and audit reports brought before the Committee during the year; and
6. To note the impact of COVID 19 on progress of the proposed plans for earlier production and audit of the Statements of Account and Annual Return in accordance with the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2018.

9 Council Annual Governance Statement 2020/21

The Service Director – Finance and Improvement Services provided the Governance and Audit Committee with the Council's draft Annual Governance Statement for the 2020/21 financial year, which had been compiled in accordance with the requirements contained within the 'Delivering Good Governance in Local Government: Framework (2016)'. Members were advised that the CIPFA Bulletin 06 – 'Application of the Good Governance Framework 2020/21' has also been taken account of, with the Bulletin setting out the requirement for the review of governance arrangements to consider the continuing impact of the Covid-19 pandemic and the CIPFA Financial Management Code 2019.

The Service Director continued by advising Members that the drafting of the Annual Governance Statement has included virtual and remote engagement with a wide range of Council Services and officers to review the governance arrangements in place. Members were referred to Section 5.3 of the covering report which provided the overall conclusion from the review that 'the Council's governance arrangements provided the basis to effectively manage service delivery, Corporate Plan priority areas and resources during an unprecedented period as a result of the Covid-19 pandemic'.

Members were referred to Appendix 1 of the report, where the draft 2020/21 Annual Governance Statement was set out.

One Member highlighted the requirement for greater emphasis to be reflected in the Annual Governance Statement on the role the Council's scrutiny function has played in shaping and informing key decisions through the pre-scrutiny process, review and challenge and also hearing evidence and making recommendations to Cabinet, for example, service improvement opportunities following the flooding caused by Storm Dennis. The Service Director – Finance and Improvement Services acknowledged the comments made and welcomed the opportunity to further strengthen the references to the work of Scrutiny Committees within the Annual Governance Statement. The Service Director added that updates will be actioned and a revised Annual Governance Statement incorporated within the Council's Statement of Accounts.

One Member requested clarity on the reference to zero tolerance in respect of fraud, bribery and corruption. The Service Director fed back that the reference to zero tolerance was to reflect that the Council will not tolerate any fraud, bribery and corruption and takes proactive steps to ensure the Council has robust arrangements in place to thwart such threats such as risk assessments, internal controls, preventative and awareness raising work across services and underpinned by a clear policy. The Service Director added that fraud, bribery and corruption is an on-going risk and the Council has a fit for purpose approach in place to help safeguard the Council's resources.

Another Member queried the reference to the learning and development of Governance and Audit Committee Members in respect of being provided with an overview of the Council's Financial Procedure Rules. The Service Director confirmed to Members that the Financial Procedure Rules will be an additional session that will be presented to Committee during 2021/22 and will provide an overview of the rules with the aim of aiding Members' understanding of this area.

The Audit Committee **RESOLVED**:

1. To critically review the Annual Governance Statement (Appendix 1), suggest any material amendments and recommend its certification by the Leader of the Council and the Chief Executive for inclusion within the Council's 2020/21 draft certified Statement of Accounts.
2. In the event that reports from relevant External Inspectors be provided to the Council before the Statement of Accounts are approved, authorise the Director of Finance and Digital Services to include reference within the Annual Governance Statement.

10 Head of Internal Audit Annual Report 2020/21

The Head of the Regional Internal Audit Service provided the Governance and Audit Committee with his Annual Opinion, to inform the Governance and Audit Committee of the work and performance of Internal Audit for the financial year 2020/21.

The Head of the Regional Internal Audit Service drew Members attention to the Interim Risk Based Plan for 2020/21 that was previously presented to Audit Committee and approved on 20th July 2020. Members were reminded that at the time it was reported that due to the ongoing Covid-19 pandemic the plan would need to be more flexible than usual to allow the service to respond to changing circumstances and events that may occur throughout the year and that there would be a lower level of coverage than in previous years and different emphasis due to the impact of the pandemic.

The Head of the Regional Internal Audit Service also highlighted to Members the major impact the Covid-19 pandemic had on how the Council has had to operate and the governance arrangements and processes that were put in place to ensure it could continue to support residents and businesses during this difficult and challenging year. Members were also informed that Covid-19 also changed how audit work was carried out in 2020/21 and that all staff have worked from home for the year. Audits have been conducted remotely using various digital solutions adding that it has been a steep learning curve both for audit staff and auditees but all have adjusted well to the new ways of working.

The Head of the Regional Internal Audit Service informed the Audit Committee that the adequacy and effectiveness of the Council's framework of governance,

risk management and internal control for 2020/21 is 'Effective with a small number of areas identified for improvement'. Members were advised that no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and any areas for improvement that have been identified are service specific.

The Head of the Regional Internal Audit Service continued by speaking of the client satisfaction questionnaires, which had a positive return rate and confirmed satisfaction with the audit approach.

Members spoke positively of the report, commending the staff particularly given the context and challenges faced during the ongoing Covid-19 pandemic. One Member requested clarification regarding the home working arrangements mentioned in the report and how these were being managed as part of the audit verification process. The Head of the Regional Internal Audit Service informed Members that the majority of evidence required is kept electronically and therefore able to be accessed remotely. In instances where information is unable to be collated electronically, visits have been conducted within Covid guidelines. Members were informed this process has worked well and will likely continue for the foreseeable future.

The Audit Committee **RESOLVED:**

1. To give due consideration to the Annual Internal Audit Report for the Financial Year 2020/21 including the Head of Audit's Annual Opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

(**Note:** At this point in proceedings, County Borough Councillors S. Rees and E. Webster left the meeting.)

11 Audit Committee Annual Report 2020/21

The Service Director, Finance and Improvement Services presented the Audit Committee Annual Report 2020/21 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'.

The Service Director, Finance and Improvement Services indicated that the report is set in the context of the Covid-19 pandemic and highlighted the importance of an agreed workplan during the year to enable the Committee to focus on its core responsibilities.

The Service Director, Finance and Improvement Services also highlighted the work delivered by the Audit Committee during 2020/21 and the outcome of the self-assessment against the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2018 Edition'.

The Service Director concluded by stating that the Annual Report demonstrated the Council's Audit Committee had made good progress to implement the proposals for improvement reported in 2019/20 and has also identified a small number of new proposals for improvement to further reinforce the existing arrangements in place.

One Member sought clarity around the timeline for receiving feedback from the

Children and Young People Scrutiny Committee in respect of Governor vacancies and 6th form attendance. Members were advised that the Children and Young People Scrutiny Committee are giving full consideration to the matter and feedback will be provided to the Governance and Audit Committee on completion of the Scrutiny Committee's considerations.

The Audit Committee **RESOLVED:**

1. To review the Annual Report and self-assessment and
 - a) Determine whether the Annual Report forms a balanced summary of the work undertaken by Audit Committee during 2020/21 and;
 - b) Endorse the proposals for improvement to further support Audit Committee in the effective discharge of its Terms of Reference
2. To approve the Audit Committee Annual Report 2020/21 and its presentation to full Council.

12 Internal Audit Annual Plan 2021/22

The Group Audit Manager provided Members of the Governance and Audit Committee with the Annual Internal Audit Strategy and Risk Based Plan for 2021/22.

Members were referred to Appendix 1 of the report, where the Annual Internal Audit Strategy was outlined and Appendix 2 of the report where the Risk Based Internal Audit Plan for 2021/22 was outlined.

Members welcomed the report thanking the Group Audit Manager for compiling a robust plan. The Governance and Audit Committee **RESOLVED:**

1. To review and approve the Annual Internal Audit Strategy and Risk Based Internal Audit Plan for 2021/22.

13 TO CONSIDER PASSING THE FOLLOWING UNDER-MENTIONED RESOLUTION:

It was **RESOLVED:** "That the press and public be excluded from the meeting under Section 100A(4) of the Local Government Act (as amended) for the following items of business on the grounds that it involves the likely disclosure of the exempt information as defined in paragraph 14 of Part 4 of the Schedule 12A of the Act".

14 Anti-Fraud Annual Report 2020/21

The Service Director – Pensions, Procurement & Transactional Services outlined the progress made against the Anti-Fraud, Bribery & Corruption work programme for 2020/21 and provided a proposed work programme for 2021/22.

Following discussion, it was **RESOLVED:**

1. To acknowledge and review the outcomes of the anti-fraud work progressed during 2020/21; and
2. To consider the proposed work to be undertaken in 2021/22 and provide direction and guidance where necessary within the Terms of Reference of the Committee.

This meeting closed at 6.55 pm

**Mr. C Jones
Chairman.**