



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021/22

<p>GOVERNANCE AND AUDIT COMMITTEE</p> <p>6TH DECEMBER 2021</p>	<p>AGENDA ITEM NO. 7</p>
<p>REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES</p>	<p>2020/21 ANNUAL GOVERNANCE STATEMENT RECOMMENDATIONS – PROGRESS UPDATE</p>

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

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide the Governance and Audit Committee with an update on the status of the recommendations included within the 2020/21 Annual Governance Statement.

2. RECOMMENDATIONS

It is recommended that Members review the information contained within the report and:

- 2.1 Seek clarity and explanation where there are areas of concern.
- 2.2 Form an opinion in respect of whether they are satisfied with the progress made to date to implement the recommendations.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Governance and Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council.

4. BACKGROUND

- 4.1 The Council's 2020/21 Annual Governance Statement (AGS) was reported to and approved by the Governance and Audit Committee at its meeting on [12th July 2021](#). The document described the governance arrangements in place,



reviewed their effectiveness and where
necessary provided recommendations for
improvement.

- 4.2 In relation to monitoring the Council's overall governance arrangements, the Terms of Reference for the Governance and Audit Committee states:

As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the Committee will assist the Authority in discharging its responsibility for ensuring financial probity, without taking any action which might prejudice it. The Committee will (amongst other things):-

Governance, risk and control

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.

- 4.3 In accordance with the above Terms of Reference extract (Item C) and workplan for the Governance and Audit Committee, this report provides an update on the status of each recommendation made within the AGS. Appendix 1 provides details of each recommendation along with a summary of action taken to date to progress their implementation.
- 4.4 As part of reviewing the status of each recommendation, Members should seek assurance, in addition to their own lines of enquiry, around the adequacy of the arrangements and extent of progress to implement the recommendations.

5. EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 5.1 There are no equality and diversity or socio-economic duty implications as a result of the recommendations set out in the report.

6. CONSULTATION

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

7. FINANCIAL IMPLICATION(S)

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

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The Council's AGS has been compiled in accordance with the CIPFA / SOLACE 'Delivering Good Governance in Local Government: Framework 2016'.



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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 9.1 Monitoring the status of the recommendations within the AGS 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 and demonstrate openness and accountability.

WELL-BEING OF FUTURE GENERATIONS ACT

- 9.2 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.

10. CONCLUSION

- 10.1 A summary of action taken to date to implement the recommendations contained within the 2020/21 AGS is provided at Appendix 1.
- 10.2 The information aims to assist Members when forming an opinion at financial year-end on the Council's overall governance arrangements for 2021/22.

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

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GOVERNANCE AND AUDIT COMMITTEE

6TH DECEMBER 2021

**2020/21 ANNUAL GOVERNANCE STATEMENT RECOMMENDATIONS –
PROGRESS UPDATE**

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

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Item: 7

Background Papers

None.

Officer to contact: Paul Griffiths

APPENDIX 1

ANNUAL GOVERNANCE STATEMENT 2020/21 PROGRESS UPDATE

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Progress Update – December 2021
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	5.11.7	The Council's Risk Management Strategy was last reviewed and approved by Audit Committee in December 2018.	The Strategy should be reviewed and where required proposed updates reported to the Governance and Audit Committee for consideration. In addition, as part of the review, regard should be given to the findings and recommendations included within the 2020/21 Internal Audit report 'Risk Management'.	December 2021	Head of Procurement Delivery	Revised delivery date for reporting to the Governance and Audit Committee (February 2022) - review completed and work being finalised to update the Risk Management Strategy (noting that no material updates are being proposed that impact on the Council's existing strategic or operational risk management arrangements)
	5.11.10	Where core financial system internal audit reports are presented to Audit Committee, no separate overview of the required internal controls is provided to aid Members understanding of the area (as originally intended as part of the 2020/21 work programme)	As part of compiling the 2021/22 Governance and Audit Committee work programme, finalised internal audit assignments for core financial systems should be supplemented by a more detailed overview of the area prior to the assignment being presented to Committee. This is to aid Members understanding of the main internal control requirements for key financial systems.	From October 2021	Coordinated by the Service Director – Finance and Improvement Services	On target – arrangements in place for core financial system overviews to be presented to the Governance and Audit Committee in line with audit assignments being finalised

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Progress Update – December 2021
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	5.11.15	<p>Although an overview of the Council's Contract Procedure Rules was presented to the Audit Committee in 2020/21, no overview of the Financial Procedure Rules was presented.</p>	<p>As part of the learning and development of Governance and Audit Committee Members, an overview of the Council's Financial Procedure Rules should be built into the 2021/22 Work Programme to support Members understanding of these requirements.</p>	November 2021	Service Director – Finance and Improvement Services	<p>Completed – an overview of the Council's Financial Procedure Rules was presented to the 9th November 2021 Governance and Audit Committee meeting</p>
		<p>In addition, it was noted that a review of the information contained within both documents was not reviewed and reported to Audit Committee during 2020/21.</p>	<p>A review of the content of the Contract and Financial Procedure Rule documents should be undertaken and updates reported to the Governance and Audit Committee for consideration / approval (where deemed required).</p>	December 2021	Service Director – Finance and Improvement Services and Head of Procurement Delivery	<p>Completed – a review of the Contract and Financial Procedure Rule documents have been undertaken and no material updates are deemed required as at December 2021 (noting that both documents are subject to on-going review and updating)</p>

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Progress Update – December 2021
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	5.11.27	<p><u>Compliance with the CIPFA Financial Management Code of Practice</u></p> <ul style="list-style-type: none"> • Standard C - Governance and Financial Management Style ○ No Council wide review of officer schemes of delegation has been undertaken during the past financial year. ○ Currently, progress updates in relation to Audit Wales recommendations are reported to Audit Committee annually. 	<p>Officer Schemes of Delegation should be reviewed and where required updated, approved by the Designated Officers and re-issued to post-holders.</p> <p>Updates on the progress being made by the Council to implement Audit Wales recommendations should be timetabled within the Governance and Audit Committee work programme for 2021/22 and provide a mid-year and year-end update of progress.</p>	<p>January 2022</p> <p>November 2021 / March – April 2022</p>	<p>Coordinated by the Director of Legal Services</p> <p>Director of Finance and Digital Services</p>	<p>On target – Council wide review process underway (noting that this area is subject to on-going review and updating)</p> <p>Completed – progress update to be reported to the December 2021 Governance and Audit Committee meeting</p>

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Progress Update – December 2021
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	5.11.28	<p><u>Compliance with the CIPFA Financial Management Code of Practice</u></p> <ul style="list-style-type: none"> • Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members ○ The Council's forward- looking planning period covers 3 / 4 years as part of its Medium-Term Financial Plan. 	<p>As part of the Council's on-going forward planning arrangements, information on the longer-term outlook (5 years+) should be considered and relevant updates reported as appropriate.</p>	March 2022	Director of Finance and Digital Services	<p>Completed - incorporated into the Council's latest Medium Term Financial Plan 2021/22 to 2024/25 - as reported to Cabinet on 20th July 2021, full Council on 29th September 2021 and to the Finance and Performance Scrutiny Committee on 21st October 2021</p>
IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY	5.12.4	<p>As part of the suite of information on the Council's Governance web-age, it is noted that the Local Code of Corporate Governance was published in 2019 and has not been reviewed since this time.</p>	<p>The Council's Local Code of Corporate Governance should be reviewed and where proposed updates are deemed necessary, an updated document reported to the Council's Governance and Audit Committee for consideration / approval.</p>	February 2022	Head of Procurement Delivery	On Target