



RHONDDA CYNON TAF COUNCIL GOVERNANCE AND AUDIT COMMITTEE

Minutes of the hybrid meeting of the Governance and Audit Committee held on Wednesday, 7 September 2022 at 5.00 pm.

County Borough Councillors:

Councillor M Maohoub (Vice-Chair)
Councillor L A Tomkinson
Councillor B Stephens
Councillor S Rees

Lay Member:

Mr C Jones – Chair
Mr J Roszkowski
Mr M Jehu

Officers in attendance

Mr P Griffiths, Service Director, Finance & Improvement Services
Mr A Wilkins, Director of Legal Services & Monitoring Officer
Ms S Davies, Service Director: Financial Services
Mr M Gibson, Audit Wales
Mr C Rees, Audit Wales

1 Welcome and Apologies

The Chair welcomed Members to the Hybrid Governance and Audit Committee. The Chair extended his condolences to the passing of Cllr T Burnell who was a Member of the Governance and Audit Committee.

Apologies of absence were received from County Borough Councillor G Hopkins.

2 Declaration of Interest

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

3 Minutes

It was **RESOLVED** to approve the minutes of the 18th July 2022 as an accurate reflection of the meeting.

4 Matters Arising

Agenda Item No.6 (Audit Wales 2022 Audit Plan RCT): The Service Director, Finance and Improvement Services confirmed that a project brief on the review of unscheduled care, as requested by Members in the previous meeting, had been circulated via email on the 6th September 2022.

Agenda Item No.9 (Annual Governance Statement 2021/22): The Service Director, Finance and Improvement Services confirmed the inclusion of further narrative within the updated Annual Governance Statement 2021/22 to confirm the adequacy of the arrangements in place.

5 Treasury Management Annual Report 2021/22

The Service Director, Finance Services presented the report to the Governance and Audit Committee and fed back that the report constituted the statutory requirement to provide Members with information relating to the Council's Treasury Management activity during 2021/22 and the actual Prudential and Treasury Indicators for 2021/22. The Service Director indicated that the report provided Members the opportunity to scrutinise the Annual Treasury Management Review presented to Council on the 6th July 2022.

The Service Director, Finance Services directed Members to paragraph 4.2 of the report at Appendix 1; Members were provided with the assurance that the Council has complied with all relevant Codes of Practice, regulations and guidance throughout the last financial year.

Members were then directed to section 6 of the report which detailed revisions to the CIPFA Codes and updated Public Works Loan Board lending guidance (PWLB). The Service Director, Finance Services advised Members that the Council's most significant portion of borrowing is from the PWLB and it was noted that in August 2021 the criteria changed to prohibit borrowing where Local Authorities were purchasing investment assets primarily for return.

The Service Director, Finance Services informed Members that in the previous financial year, CIPFA updated their Code of Practice relating to Treasury Management and this was in line with the PWLB rule changes. The Service Director added that the changes to the Prudential Code for Capital Finance and Treasury Management Code related to permitted reasons to borrow, knowledge and skills and the management of non-treasury investments.

The Service Director, Finance Services went on to provide Members with information in relation to the Council's borrowing. It was noted that other than temporary short-term borrowing to manage cash flow volatility, no external long-term borrowing was undertaken during the year other than £82.4Million repayable funding from Welsh Government to support investment in Rail Infrastructure.

The Service Director, Finance Services advised Members that the Council continues to maintain a low-risk investment strategy to minimise the exposure to credit risk and that the net capital charges for the year were within budget.

Members were directed to section 10 of the report which detailed the Council operated within the approved limits as set out in the reports 'Capital Strategy Report Incorporating Prudential Indicators' and 'Treasury Management Strategy'. Lastly, the Service Director, Finance Services directed Members to section 13 of the report and Members were advised that future updates in respect of the Sustainable Communities for Learning Programme will be reported within Treasury Management reports.

The Chair fed back that based on the report, the Local Authority is well placed in

terms of its risk management and financial position.

Mr M Jehu requested assurances that the Council are borrowing and investing money with ethical businesses in order to eliminate the risk of compromising the Council's reputation. The Service Director, Finance Services reassured Members that the Council invests its surplus funds with the Debt Management Office, which is a UK Government own facility, or other public bodies.

A Member raised a query in respect of interest rates and the extent of interest rate exposure when the Council borrows money. The Service Director, Finance Services advised that the majority of the Council's borrowing is fixed rate and as a result the Council has a low risk of exposure to interest rate changes on its borrowings.

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

- Scrutinise and comment on the information provided.

Consider whether they wish to receive further detail on any matters contained within the report.

6 Audit Wales Work Programme and Timetable

The Audit Wales Officer presented the report to Members and Members were informed of the Local Government and Elections (Wales) Act 2021 whereby the Auditor General for Wales is required to produce a timetable for each Local Authority covering both Audit Wales functions and those of relevant regulators such as Care Inspectorate Wales and Estyn. To discharge this duty an updated work programme has been produced for each quarter as highlighted within the report.

The Governance and Audit Committee **RESOLVED** to:

- Note the content of the report

7 Audit Wales Reports

The Audit Wales Officer presented three Audit Wales reports to Members, namely, Springing Forward - Strategic Asset Management – Rhondda Cynon Taf County Borough Council; Springing Forward – Workforce - Rhondda Cynon Taf County Borough Council; and Direct Payments for Adult Social Care.

The Audit Wales Officer directed Members to paragraph 4 of the Springing Forward Asset Management report and the Officer provided a breakdown of the three main aims of the project. These included: -

- To gain assurance that Councils are putting in place arrangements to transform, adapt and maintain the delivery of services;
- To explain the actions that Councils are taking both individually and collectively to strengthen their arrangements as well as further embed the sustainable development principle; and
- To inspire Councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and

learning and making appropriate recommendations.

The Audit Wales Officer advised Members of the reviews which were undertaken to measure the Council's strategic approach to managing its assets, strategically plan the use of the assets as well as how it monitors, evaluates and reviews the effectiveness of those arrangements.

Overall, it was noted that the Council has good arrangements to deliver its current corporate asset management strategy, however the Audit Wales Officer advised that the Council needs to ensure the asset management strategy is fully shaped by the sustainable development principle.

Following the overview of the report, the Chair referred to Members for questions.

A Member queried the Committee's role to ensure the recommendations reported by Audit Wales are implemented and whether Audit Wales will provide follow up reports to update the Committee on progress.

The Audit Wales Officer advised that the Council has been developing its response to the Springing Forward Asset Management report and Springing Forward Workforce report and updates are scheduled to be presented to the Governance and Audit Committee on the 8th November 2022.

Mr M Jehu requested reassurance on the Council's adoption of new ways of working with partner organisations and support of the Senior Leadership Team.

The Audit Wales Officer advised that there is a clear commitment to new ways of working with partner organisations, with this being supported by the Senior Leadership Team.

Following discussion of the Springing Forward – Strategic Asset Management RCT, the Governance and Audit Committee **RESOLVED** to:

- To note the content of the report

The Audit Wales Officer continued by presenting the Springing Forward – Workforce - Rhondda Cynon Taf County Borough Council report. It was advised that Audit Wales have reviewed how the Council strategically plans for its workforce requirements both now and in the future, how it monitors its workforce and how it reviews and evaluates the effectiveness of its arrangements.

Following the review, it was concluded that the Council has a clear vision and effective planning arrangements for its workforce but as it renews its workforce strategy, the Council will need to ensure that this is shaped by the sustainable development principle. It was also noted that the Council has made good progress delivering its current workforce strategy, has a good understanding of the current challenges and is dealing with the impact that the pandemic has on its workforce; and that the Council has arrangements to monitor and review its workforce and, whilst it does engage with other organisations to share knowledge and experience, examples of active and meaningful benchmarking are few.

Following discussion of the Springing Forward – Workforce - Rhondda Cynon Taf County Borough Council report, the Governance and Audit Committee

RESOLVED to:

- To note the content of the report.

The Service Director- Finance and Improvement Services fed back that the Council has considered the recommendations set out in the Direct Payments for Adult Social Care national report and, where appropriate, will incorporate into existing service planning arrangements. The Service Director added that with regard to the Strategic Asset Management and Workforce reports, the Council is currently formulating responses to the recommendations and updates will be reported to Members in the autumn, including to the Overview and Scrutiny Committee.

With regard to the Direct Payments for Adult Social Care national report, the Governance and Audit Committee **RESOLVED** to:

- Note the content of the report

8 Draft Statements of Account 2021/22 (including an overview of Accounting Policies)

The Service Director, Finance Services provided Members with a presentation covering an overview of the Accounting Policies and critical judgements applied in preparing the draft statements of Accounts, to aid the Committee in its role in the approval process of the Council's Statement of Accounts.

The Service Director, Finance Services provided an overview of the following areas: Governance Framework; Timescales; What is an Accounting Policy?; Accounting Policies Disclosed; Critical Judgements in applying Accounting Policies; Assumptions about the future and other sources of estimation uncertainty; and Impact of Covid-19.

The Service Director, Finance Services continued by presenting a report to provide Members with the opportunity to consider the certified draft Statements of Account for the 2021/22 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 report also provided Members with an update of the continued impact of Covid-19 on proposed plans for earlier production and audit of the Statements of Account in accordance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.

Members were directed to sections 3 and 4 of the report that highlighted the impact of Covid-19 on the timescales for the production and audit of the accounts, the dates that the draft Statements of Account were certified by the Director of Finance and Digital Services and the target dates for completion of the external audit and reporting to full Council / relevant Joint Committee.

Members were then directed to Section 5 of the report which referred to the Local Government Measure 2011 and the responsibilities of the Audit Committee in respect of the approval process of a Council's Statement of Accounts. The Service Director referred Members to Appendix 5 of the report that set out a tool kit which Members can utilise as part of the scrutiny

of the draft Statements of Account.

Mr Mel Jehu thanked the Officer for the extensive report and presentation and commended the team for the effective financial management arrangements within the Local Authority.

The Governance and Audit Committee **RESOLVED** to:

- Consider and note the presentation and report.

9 Audit Wales - Verbal Update on the Progress of the Audit of the Draft Statement of Accounts 2021/22

The Audit Lead provided Members with a brief overview of the current work undertaken by Audit Wales.

Members were advised that Rhondda Cynon Taf Council has operated well in producing the draft Statements of Account despite the on-going impact of the pandemic.

The Audit Lead recognised the pressures which the Finance Team are under and commended them for their effective work. Overall, Members were advised that Audit Wales are pleased with the quality of the Statements of Account produced by Rhondda Cynon Taf and no significant matters have been identified through the external audit process of the accounts, to date, to bring to the attention of the Committee. The Chair thanked the Officer for the positive feedback received and commended the Finance Team for all their hard work.

The Governance and Audit Committee **RESOLVED** to:

- Note the verbal update received.

10 Governance & Audit Committee Draft Work Programme 2022/23

The Service Director, Finance and Improvement Services presented the report to Members that set out the draft work plan for the 2022/23 Municipal Year to enable the Committee to effectively fulfil its Terms of Reference.

The Service Director referred Members to Appendix 1 of the report, the draft Governance and Audit Committee Work Plan for 2022/23. The Service Director fed back that the workplan sets out its Terms of Reference together with a timetable for bringing reports and information updates before Committee for review and challenge.

The Service Director went on to feedback that the workplace will be kept under on-going review during the year and where further areas are identified, these will be reported to the Governance and Audit Committee for consideration and, if deemed appropriate, incorporation into the work plan.

The Governance and Audit Committee **RESOLVED** to:

- Consider the report and determine whether there are other areas/themes to incorporate within the work plan to aid the effective discharge of the Governance and Audit Committee's responsibilities.

- Approve a work plan for delivery during the 2022/23 Municipal Year.

11 Governance and Audit Learning and Development

The Service Director, Finance and Improvement Services presented the report to Members that set out proposed arrangements to update the learning and development plan for the Governance and Audit Committee in line with its terms of Reference.

Members were advised of the work undertaken previously to support learning and development for the Committee, as set out in the Background Section of the report, with the need for the learning and development plan to be refreshed to ensure it remains relevant to Members of the Committee and in line with a recommendation reported within the Council's Annual Governance Statement.

The Service Director, Finance and Improvement Services referred Members to Section 5 of the report that set out the proposed approach to undertaking an on-line training needs analysis, with the results reported back to the Committee for review and to inform the compilation of an updated Learning and Development Plan.

Members were requested to consider the draft Training Needs Analysis questionnaire at Appendix 1 of the report and to note that the questionnaire had been compiled in line with the CIPFA Practical Guidance Notes and having key regard to the Terms of Reference for the Committee.

It was advised that Council Officers will be available to provide support to Members as part of completing the exercise to ensure all relevant feedback is taken account of in producing an updated Learning and Development Plan.

Mr J Roszkowski requested further guidance to be included for each question in the questionnaire to aid completion, and the Service Director fed back that this will be reviewed and the questionnaire updated accordingly prior to circulation to Committee Members.

The Governance and Audit Committee **RESOLVED** to:

- Review the draft Training Needs Analysis questionnaire (Appendix 1) and subject to updates to incorporate into the document, instruct Council Officers to progress the training needs analysis exercise to enable results and a draft learning and development plan to be reported to the November 2022 Governance and Audit Committee meeting.

This meeting closed at 5:57 pm

**Mr C Jones
Chairman.**