

## Appendix 2

Date/Dyddiad:  
29<sup>th</sup> November 2023

Please ask for/Gofynnwch am:  
Barrie Davies  
(01443) 424026

Auditor General for Wales  
1 Capital Quarter  
Tyndall Street  
CF10 4BZ

Dear Adrian,

### **Representations regarding the 2022/23 Rhondda Cynon Taf County Borough Council Financial Statements**

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Rhondda Cynon Taf CBC and Rhondda Cynon Taf CBC Group for the year ended 31<sup>st</sup> March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

In addition we have completed the questionnaires provided to us regarding;

- Appendix A - Audit Enquiries of Management
- Appendix B - Audit Enquiries of those charged with Governance.

### **Management Representations**

#### **Responsibilities:**

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

## **Information Provided:**

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects RCTCBC and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

## **Financial Statement representations:**

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

There are no material differences between the accounting policies of Rhondda Cynon Taf County Borough Council and Rhondda Cynon Taf County Borough Council Group.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and

accounted for and disclosed in accordance with the applicable financial reporting framework.

### ***Judicial Reviews***

*In view of the continuing challenging financial climate and the potential need for the Council to make difficult decisions around future service provision, there is an on-going risk that service reconfiguration decisions could be subject to legal challenge.*

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*There are no misstatements identified in the accounts, which remain uncorrected.*

There are a number of misstatements that have been corrected by management, as set out in the Audit Wales ISA 260 Report.

### **Representations by Rhondda Cynon Taf County Borough Council:**

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Rhondda Cynon Taf County Borough Council on 29<sup>th</sup> November 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by

Deputy Chief Executive and Group  
Director - Finance, Digital and Frontline  
Services  
(S.151 Officer)

Leading Member

Date 29/11/23

Date 29/11/23

## Appendix A

### Enquiries of Management

Enquiries of management – in relation to financial reporting	
Question	2022-23 Response
1. Are there changes to FReM or other framework changes affecting the current year financial statements? Where there are changes, what actions have been taken in response to these changes?	<p>The Statement of Accounts are produced in line with the requirements of:</p> <ul style="list-style-type: none"><li>• Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards (IFRS).</li><li>• Accounts and Audit (Wales) Regulations 2014 (as amended).</li></ul> <p>There are no changes to the Code of Practice requiring changes to the Statement of Accounts of RCT CBC.</p> <p>There are no changes to the Accounts and Audit Regulations.</p>
2. What are your general views on the entity's risk assessment process relating to financial reporting?	<p>The Statement of Accounts are produced by a team with the relevant skills and knowledge. Officers also attend training sessions facilitated by CIPFA to ensure knowledge is up to date.</p> <p>Reconciliations take place between statutory reporting requirements and management accounts and reconciliations are performed and recorded for all balance sheet accounts.</p> <p>The accounts are also subject to review by senior officers as part of Quality Assurance arrangements minimising the risk of material misstatement.</p> <p>Governance and Audit committee also considered and commented on the authority's certified draft financial statements, reviewing the extent the</p>

## Enquiries of management – in relation to financial reporting

Question	2022-23 Response
	<p>statements take cognisance of audit reports during the year, and changes in accounting policy and internal control mechanisms.</p> <p>The Council's core financial systems are reviewed by Internal Audit as part of the annual risk based audit plan (with substantial assurances in place overall).</p> <p>Therefore the risk of material misstatement within the Statement of Accounts is low.</p>
3. Have you considered the appropriateness of the accounting policies adopted by the organisation? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	<p>No accounting policies have required change for the 2022/23 Statement of Accounts.</p> <p>Accounting policies were reviewed by Governance and Audit committee at its meeting of <a href="#">4th September 2023</a>.</p>
4. Are you aware of significant transactions that are outside the normal trading activities of the business?	<p>No significant transactions took place within 2022/23 outside of normal activities.</p> <p>The interest free loan received in 2021/22 from Welsh Government remains in the balance sheet as at 31<sup>st</sup> March 2023. Please refer to the Financial Instruments Notes for further details.</p>
5. Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets?	<p>All impairments of non-current assets are recognised within the Statement of Accounts. There are no changes in circumstances that would require changes to the reporting of impairments.</p>

## Enquiries of management – in relation to financial reporting

Question	2022-23 Response
6. Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	Other than those disclosed in note 3 to the Statement of Accounts “Critical Judgements in Applying Accounting Policies”, there are no transactions, events and conditions giving rise to recognition or disclosure of significant accounting estimates that require significant judgement.
7. Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimation uncertainty inherent in the estimate?	Please refer to note 4 in the Statement of Accounts “Assumptions made about the Future and Other Major Sources of Estimation Uncertainty”. Disclosures are made with regards to accounting for pensions, insurance claims and property, plant and equipment. The Council engages external experts to value pensions liabilities (AON), external valuers (Avison Young) are engaged to undertake property valuations and where appropriate, external claims valuers are engaged to value insurance claims.
8. Have there been any changes in accounting policies in relation to significant estimates?	No
9. Have you used any experts in the preparation of the accounts?	In addition to those referred to in the response to Q.7, Arlingclose were engaged to review the accounting for repayable Welsh Government funding for investment in transport (rail) infrastructure works. AON are engaged to calculate accounting entries and disclosures as required by IAS19 “Employee Benefits”.

## Enquiries of management – in relation to financial reporting

Question	2022-23 Response
10. Have there been any issues that may impact the preparation of the accounts identified so far?	No
11. Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	<p>As part of the Council's robust financial management arrangements, the Medium Term Financial Plan was considered by Cabinet <a href="#">Report.pdf (modern.gov.co.uk)</a> and then full Council in September 2023.</p> <p>The indicative all Wales settlement level provided by Welsh Government for 2024/25 of 3.1% is significantly out of line with inflationary and service pressures being faced across local government. In the absence of any indications of additional funding being provided to local government, Council officers are undertaking further reviews across all our services to urgently identify options which can be considered to close the budget gap being faced.</p> <p>The Council holds a number of categories of reserves, these being one-off funding allocations set aside for specific purposes and are continuously monitored as part of financial management and budgetary control arrangements to assess changes in risk and potential liabilities.</p> <p>Given the continuing financial pressures the Council is working under, it remains the view of the Deputy Chief Executive and Group Director of Finance, Digital and Frontline Services (Section 151 Officer) that the Council should hold a minimum of £10M as General Fund Balances, (i.e. its working balance). This level is set given the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward.</p> <p>The above arrangements underpin the Council's current Corporate Plan 'Making a Difference' (2020 – 2024), with work underway to put in place a new</p>

## Enquiries of management – in relation to financial reporting

Question	2022-23 Response
	<p>Corporate Plan covering the next 4 to 5 years from April 2024. Alongside the Corporate Plan, a series of medium to long term strategies are in place to support the delivery of the Council's ambitions, for example, Climate Change Strategy, Economic Development Strategy, Housing and Homelessness Strategy, Welsh Language Strategy and Digital Strategy. These plans and strategies also support the Council's role as a statutory partner to deliver the Cwm Taf Morgannwg Well-Being Plan 2023 – 2028.</p> <p>Given the above, the basis of the preparation of the Statement of Accounts remains as a going concern.</p>
12. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the entity's ability to continue as a going concern?	<p>As referenced above, the indicative all Wales settlement level provided by Welsh Government for 2024/25 of 3.1% is significantly out of line with inflationary and service pressures being faced across local government.</p> <p>The Council's robust financial management arrangements will ensure that the Council's going concern status remains.</p>
13. How do you ensure the compliance and completeness of narrative on critical accounting policies and judgements?	<p>Accounting policies and judgements are drafted in line with the Code of Practice, reviewed by the Deputy Chief Executive / Group Director - Finance, Digital and Frontline Services as detailed in the Statement of Responsibilities.</p> <p>Governance and Audit committee in its meeting of <a href="#">4th September 2023</a>, reviewed accounting policies and critical judgements as required by its terms of reference.</p>



## Enquiries of management – in relation to financial reporting

Question	2022-23 Response
14. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations?	No
15. Please provide information on the use of financial instruments, including derivatives.	Please refer to the Treasury Management Strategy approved by full Council <a href="#">2022/23 Strategy</a> detailing our approved strategies for borrowing and investments. The Council does not use derivatives.
16. Please provide information on the status of contingencies from the prior year.	The status of the contingencies disclosed (note 35) remain unchanged in the 2022/23 accounts.
17. Are you aware of any guarantee contracts?	The Council holds no contracts where it accepts debt or liabilities in the event of a third party default.
18. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	Other than those detailed in the Letter of Representation and the Statement of Accounts, there are no further contingencies or claims that may affect the financial statements.

## Enquiries of management – in relation to related parties

Question	2022-23 Response
19. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships?	<p>Related party transactions for both Elected members and Chief Officers who are designated members of the Senior Leadership Team are updated on an annual basis.</p> <p>Changes are documented within Statement of Accounts working papers.</p> <p>Governance arrangements are in place to ensure that a Register of Members Interests is in place and Declarations of Interest are declared and documented at each committee meeting.</p>
20. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?	<p>As detailed in response above, transactions are documented and held within Statement of Accounts working papers to evidence the disclosure within the Related Parties note.</p>
21. What controls are in place to identify, account for and disclose related parties?	<p>Governance arrangements are in place to ensure that a Register of Members Interests is in place and Declarations of Interest are declared and documented at each committee meeting.</p> <p>Independent checks are undertaken by Finance Officers against publicly available national databases to minimise the risk of non disclosure.</p> <p>Additional controls are in place to ensure records of related parties are captured prior to an Elected Member or officer of the Senior Leadership Team leaving the local authority.</p> <p>Additional controls include:</p>

### Enquiries of management – in relation to related parties

Question	2022-23 Response
	<ul style="list-style-type: none"><li>• Gift and Hospitality Policy</li><li>• Contract Procedure Rules</li><li>• The Anti- Fraud, Bribery and Corruption Strategy.</li></ul>
22. What controls are in place to authorise and approve significant transactions and arrangements: <ul style="list-style-type: none"><li>- with related parties, and</li><li>- outside the normal course of business?</li></ul>	As above. Any Senior Leadership Team officer or Elected Member declaring an interest in any agenda item would be excluded from decision making.

### Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
23. Are you aware of any laws, other statutory and regulatory requirements that could affect the financial statements?	No. The Council is not aware of any laws, other statutory and regulatory requirements that could require changes to the financial statements as currently drafted.

## Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
24. What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?	Accounts and Audits regulations are reviewed to ensure compliance. All reports presented to committees are required to disclose “Legal Implications or Legislation Considered”
25. What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?	Robust financial management is in place with all services expected to identify financial risks of litigation with their service accountant as part of routine budget monitoring. Any potential litigations and/or claims are accounted for in accordance with the Code of Practice and where appropriate, disclosed in the letter of representation.
26. Are you aware of any instances of non-compliance with laws or regulations? Is the entity on notice of any such possible instances of non-compliance?	No.
27. Have there been any examinations or inquiries performed by licensing, tax or other authorities/regulators?	The increasing demand, juxtaposed with increasing scarcity of registered children’s homes has led to a risk of the Council being unable to avoid reliance upon settings that are recorded as Operating Without Registration (OWR) by the Care Inspectorate for Wales (CIW). This happens where a placement is required but there is not one available due to scarcity of supply. This issue is included in the Council’s risk register. Every effort is made to avoid reliance on OWR. Updates are reported to the Council’s Cabinet and Corporate

## Enquiries of management – in relation to laws and regulations

<b>Question</b>	<b>2022-23 Response</b>
	Parenting Board. The Council's priority, through the development of the Looked After Children: Residential Care Transformation Strategy over the medium term is to increase looked after children placements capacity in order to respond flexibly and promptly to emergency situations that arise to safeguard children and young people with very complex needs and prevent reliance on OWR settings.
28. Has there been any significant communications with regulators?	As above
29. For service organisations, have you reported any non-compliance with laws and regulations?	As above

## Enquiries of management – in relation to fraud

Question	2022-23 Response
<p>30. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>Good governance flows from a shared ethos and culture, as well as from systems and structures. The Council expects all representatives (i.e. Members and Officers) to conduct their duties with the highest levels of honesty and integrity.</p> <p>Policies underpin the culture in place and the Regional Internal Audit Shared Service test compliance with relevant Policies linked to the core financial systems (in line with the approved Annual Audit Plan).</p> <p>To ensure a consistent approach to working practices and processes, all officers are subject to the Council's terms and conditions of employment. A comprehensive suite of information such as policies and procedures are available for officers on "The Source" such as:</p> <ul style="list-style-type: none"><li>• Financial Procedure Rules</li><li>• Contract Procedure Rules</li><li>• Human Resources policies</li><li>• Anti-Fraud, Bribery &amp; Corruption Strategy</li><li>• Whistleblowing Policy</li><li>• Gifts and Hospitality Policy.</li></ul> <p>With specific regard to anti-fraud, bribery and corruption and whistle-blowing, these areas are kept under review on an on-going basis and referrals received considered and investigated, as appropriate by the Council's Corporate Fraud Team and Human Resources. Updates on both areas are also reported to and scrutinised by the Governance and Audit Committee.</p>

## Enquiries of management – in relation to fraud

Question	2022-23 Response
	<p>New employees attend a virtual corporate induction and an induction checklist encompasses key policies and procedures.</p> <p>Headteacher and Governor training takes place for Financial Management of Schools.</p> <p>All Members receive Code of Conduct training when newly elected and refresher training is available annually. Code of conduct training is also provided to co-opted Members. The following codes and protocols referred to are included as part of the member induction programme and provided on a one-to-one basis if requested by a Member via the Council Business Unit –</p> <p><b>Codes and Protocols</b></p> <ul style="list-style-type: none"><li>• Members' Code of Conduct</li><li>• Protocol Standard of Conduct to be followed by Members</li><li>• Officers' Code of Conduct</li><li>• Protocol for Member/Officer Relations</li></ul> <p>Where Members and/or Officers do not undertake their duties in accordance with the expected standards then governance arrangements are in place within the Council to manage this process in an equitable, fair and transparent manner.</p> <p>Taking all of the above into account, our assessment of the risk of fraud arising and having a material impact on the financial statements is considered to be low.</p>

## Enquiries of management – in relation to fraud

Question	2022-23 Response
31. Do you have knowledge of any actual, suspected or alleged fraud affecting the entity?	<p>Potential fraud or wrong-doing is managed via the Council's established anti-fraud, bribery and corruption arrangements and whistle-blowing processes. During the year there have been no known instances of actual, suspected or alleged fraud affecting the financial statements of Rhondda Cynon Taf CBC.</p> <p>To support transparency and openness, the Council's arrangements during 2022/23 included:</p> <p><u>Whistle-blowing arrangements</u> A new Regulation came into force during April 2017 which placed a requirement upon the Council to report annually on whistle-blowing disclosures. The Regulation required the Council to publish the annual report on its website or by other means appropriate for bringing the report to the attention of the public. For Rhondda Cynon Taf, this requirement was met for the 2022/23 financial year via an Annual Report to the Governance and Audit Committee on <a href="#">15<sup>th</sup> March 2023</a> together with the approval of revised Whistleblowing Policy and Procedure.</p> <p><u>Anti-fraud arrangements</u> The Anti-Fraud Annual Report for 2022/23 was reported to the Governance and Audit Committee on <a href="#">15<sup>th</sup> March 2023</a> (and an Anti-Fraud, Bribery and Corruption mid-year update was reported to the Governance and Audit Committee on <a href="#">7<sup>th</sup> December 2022</a>).</p>



## Enquiries of management – in relation to fraud

Question	2022-23 Response
<p>32. What is management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>The Council has a number of governance arrangements in place that help in the prevention and detection of fraudulent and/or improper activities. These include:</p> <ul style="list-style-type: none"><li>• Financial &amp; Contract Procedure Rules</li><li>• Systems of Internal Control</li><li>• Recruitment Policies</li><li>• Whistleblowing Policy</li><li>• Local procedures within departments, for example, authorisation arrangements and quality assurance processes (a number of which continue to be undertaken remotely due to revised working arrangements)</li><li>• An independent Internal Audit Service (the 'scopes' for audit assignments included in the 2022/23 Audit Plan took into account on-going remote working arrangements / potential risks as a result of the changes following the pandemic).</li><li>• An independent Corporate Fraud Team (whose work includes completing an Anti-Fraud, Bribery &amp; Corruption Risk Assessment, which helps to target and prioritise areas of activity)</li><li>• Combining with Others to Prevent and Fight Fraud</li><li>• Participation in the National Fraud Initiative</li></ul> <p>The Anti-Fraud, Bribery &amp; Corruption Strategy provides a clear path for raising concerns and facilitating 'tip-offs', and the fraud response arrangements</p>

## Enquiries of management – in relation to fraud

Question	2022-23 Response
	<p>outlined enables such information or allegations to be properly dealt with and reported.</p> <p>The Council's Whistleblowing Policy also gives advice on how to raise a concern, as well as providing information on the safeguards and support that are available to those who raise concerns.</p> <p>Given the governance arrangements in place, management can give assurance that the risk of material misstatement is low.</p>
33. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?	As detailed in its Anti-Fraud, Bribery and Corruption progress report for 2022/23, Governance and Audit committee on <u>15<sup>th</sup> March 2023</u> , received an update detailing that the vast majority of referrals received relate to financial fraud against the Revenues and Benefit system. Where there is a linked DWP paid benefit such as Income Support the referral is forwarded to the DWP (FES) team for consideration of joint investigation. The highest referral reason remains suspicions around inappropriately obtaining a benefit through non-declaration of parties living together.
34. Are you aware of any whistle-blowing or complaints by potential whistle blowers? If so, what has been the entity's response?	Please refer to the response for Q31.

## Enquiries of management – in relation to fraud

Question	2022-23 Response
35. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?	Please refer to the response for Q31 and Q32.
36. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?	<p>Please refer to the response for Q30.</p> <p>The Council has a number of recruitment and selection policies in place that help to ensure that new recruits have the integrity and ethical values of the organisation and also the competencies to undertake the duties required of them.</p> <p>Employees have contracts of employment and competency based job descriptions which set out grade, roles and responsibilities. Human Resources oversee terms and conditions of employment, and the Council has a suite of policies and procedures that are available for officers to access.</p> <p>Each new recruit is provided with the 'Basic Rules – A Guide for Employees' booklet, via The Source, that gives each employee information in relation to (amongst other things) expected behaviour, use of social media, appearance and attendance.</p> <p>The expectations of each employee are set out from the outset. The Council describes what excellent behaviour looks like for each type of job, for example, 'always treat people with respect', and this information is used to test candidates' suitability for jobs at interview and is used to inform discussions managers have with their staff as part of their development.</p>

### Enquiries of management – in relation to fraud

Question	2022-23 Response
	The Council's Performance Management Framework includes an Annual Service Self-Evaluation that requires services to undertake a backward-looking assessment of performance and use this to inform priorities for the year ahead and over the medium term. This process also includes cross-cutting principles of equality and inclusion, climate change, bio-diversity and Welsh language, with staff being involved in compiling self-evaluations and also receiving feedback following sign-off.
37. For service organisations, have you reported any fraud to the user entity?	Not applicable

### Enquiries of management – in relation to Control environment, IT systems, risk and governance

Question	2022-23 Response
38. What are your views on the entity's control environment? How would you assess the process for reviewing the effectiveness of internal control?	The process for reviewing the effectiveness of the control environment is robust and this is evidenced by having independent reviews undertaken by both the Regional Internal Audit Service and External Audit, with close and regular working with the Council's S151 Officer and other senior officers.

## Enquiries of management – in relation to Control environment, IT systems, risk and governance

Question	2022-23 Response
	<p>In addition, the Terms of Reference of the Governance and Audit committee detail its responsibility to review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.</p> <p>The Head of Internal Audit has produced a Head of Internal Audit Report for 2022/23. At <u>Governance and Audit Committee in July 2023</u>, the Head of Internal Audit Report states:</p> <ul style="list-style-type: none"><li>• <i>from the work undertaken during the financial year 2022/23 and taking into account other sources of assurance, the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2022/23 is: "Reasonable Assurance".</i></li><li>• <i>based on the work completed by the Regional Internal Audit Shared Service for the financial year no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.</i></li></ul> <p>As external auditors, Audit Wales provides updates to full Council and the Governance and Audit Committee to enable elected Members to review and scrutinise its work and also seek assurance from Council officers that agreed recommendations reported by Audit Wales are being implemented by Council services.</p>

## Enquiries of management – in relation to Control environment, IT systems, risk and governance

Question	2022-23 Response
	<p>On <u>4<sup>th</sup> July 2023</u>, Governance and Audit committee critically reviewed the Annual Governance Statement prior to its inclusion in the Statement of Accounts.</p> <p>The committee's Terms of Reference details its responsibility to review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.</p> <p>As detailed in the <u>Local Code of Corporate Governance</u>, the Council is required to conduct an assessment of its governance framework including the system of internal control. The review of effectiveness is led by the Deputy Chief Executive and Group Director - Director of Finance, and Digital and Frontline Services.</p> <p>The exercise involves a continued review of the activities in place around the Council's main governance arrangements, discussing and challenging the governance arrangements with senior officers across services and taking account of the findings from the Council's corporate assessment and any external inspections that take place. The outcome of the review of effectiveness is reported in the Annual Governance Statement, prepared each year.</p> <p>The draft Annual Governance Statement is reviewed and challenged by the Council's Senior Leadership Team and then presented to the Council's Governance and Audit Committee for review, challenge, with the Committee recommending its certification by the Leader of the Council and the Chief Executive for inclusion within the Council's 2022/23 certified draft Statement of</p>

## Enquiries of management – in relation to Control environment, IT systems, risk and governance

Question	2022-23 Response
	Accounts; a copy of the Council's Annual Governance Statement is available on the Council website.
39. Have there been any changes to significant IT systems or applications in the period?	The following applications were migrated to cloud solutions during 2022/23: <ul style="list-style-type: none"><li>• HR and Recruitment to ITrent</li><li>• Corporate Estates system Atrium moved to Technology Forge</li></ul>
40. How do you communicate to those charged with governance regarding business risks including fraud?	<p>The Council's Strategic Risk Register is reported to Cabinet as part of the Council's quarterly Performance Reports, evidencing a review of the operating environment. Changes to the risks are clearly identified with the full Strategic Risk Register which can be accessed at this <a href="#">link</a>.</p> <p>The Strategic Risk Register is also scrutinised by the Overview and Scrutiny Committee (as part of quarterly Performance Reports) and specific risk updates reported to the Governance and Audit Committee in line with the Committee's terms of reference (with the Governance and Audit Committee also producing an Annual Report, setting out its work during the year, that is then reported to full Council).</p>

## Appendix B

### Enquiries of those charged with governance.

Enquiries of those charged with governance	
Question	2022-23 Response
2. Fraud - Do you have any knowledge of actual, suspected, or alleged fraud affecting the entity?	<p>Potential fraud or wrong-doing is managed via the Council's established anti-fraud, bribery and corruption arrangements and whistle-blowing processes. During the year there have been no known instances of actual, suspected or alleged fraud affecting the financial statements of Rhondda Cynon Taf CBC.</p> <p>To support transparency and openness, the Council's arrangements during 2022/23 included:</p> <p><u>Whistle-blowing arrangements</u> A new Regulation came into force during April 2017 which placed a requirement upon the Council to report annually on whistle-blowing disclosures. The Regulation required the Council to publish the annual report on its website or by other means appropriate for bringing the report to the attention of the public. For Rhondda Cynon Taf, this requirement was met for the 2022/23 financial year via an Annual Report to the Governance and Audit Committee on <a href="#">15<sup>th</sup> March 2023</a> together with the approval of revised Whistleblowing Policy and Procedure.</p> <p><u>Anti-fraud arrangements</u></p>



## Enquiries of those charged with governance

Question	2022-23 Response
	<p>The Anti-Fraud Annual Report for 2022/23 was reported to the Governance and Audit Committee on <a href="#">15<sup>th</sup> March 2023</a> (and an Anti-Fraud, Bribery and Corruption mid-year update was reported to the Governance and Audit Committee on <a href="#">7<sup>th</sup> December 2022</a>).</p>
<p>3. Fraud - What is your assessment of the risk of fraud within the entity, including those risks that are specific to the entity's business sector?</p>	<p>Given responses to the above, the assessment of risk of fraud within Rhondda Cynon Taf is low.</p>
<p>4. Fraud - How do you exercise oversight of:</p> <p>5. management's processes for identifying and responding to the risk of fraud in the entity, and</p> <p>6. the controls that management has established to mitigate these risks?</p>	<p>The Council has a number of governance arrangements in place that help in the prevention and detection of fraudulent and/or improper activities. These include:</p> <ul style="list-style-type: none"><li>• Financial &amp; Contract Procedure Rules</li><li>• Systems of Internal Control</li><li>• Recruitment Policies</li><li>• Whistleblowing Policy</li><li>• Local procedures within departments, for example, authorisation arrangements and quality assurance processes (a number of which continue to be undertaken remotely due to revised working arrangements)</li><li>• An independent Internal Audit Service (the 'scopes' for audit assignments included in the 2022/23 Audit Plan took into account on-</li></ul>

## Enquiries of those charged with governance

Question	2022-23 Response
	<p>going remote working arrangements / potential risks as a result of the changes following the pandemic).</p> <ul style="list-style-type: none"><li>• An independent Corporate Fraud Team (whose work includes completing an Anti-Fraud, Bribery &amp; Corruption Risk Assessment, which helps to target and prioritise areas of activity)</li><li>• Combining with Others to Prevent and Fight Fraud</li><li>• Participation in the National Fraud Initiative</li></ul> <p>The Anti-Fraud, Bribery &amp; Corruption Strategy provides a clear path for raising concerns and facilitating ‘tip-offs’, and the fraud response arrangements outlined enables such information or allegations to be properly dealt with and reported.</p> <p>The Council's Whistleblowing Policy also gives advice on how to raise a concern, as well as providing information on the safeguards and support that are available to those who raise concerns.</p> <p>The governance arrangements detailed above are strategies and policies approved by Elected Members, who, through reports to Governance and Audit committee obtain assurance on the effectiveness of the control environment, receive recommendations on required improvements and updates on actions taken to address required improvements.</p> <p>In addition, the Head of Internal Audit has produced a Head of Internal Audit Report for 2022/23. At <a href="#">Governance and Audit Committee in July 2023</a>, the Head of Internal Audit Report states:</p>

## Enquiries of those charged with governance

Question	2022-23 Response
	<ul style="list-style-type: none"><li>• from the work undertaken during the financial year 2022/23 and taking into account other sources of assurance, the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2022/23 is: "Reasonable Assurance".</li><li>• based on the work completed by the Regional Internal Audit Shared Service for the financial year no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.</li></ul> <p>As external auditors, Audit Wales provides updates to full Council and the Governance and Audit Committee to enable elected Members to review and scrutinise its work and also seek assurance from Council Officers that agreed recommendations reported by Audit Wales are being implemented by Council services.</p>
6. Laws and regulations - Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No.
7. What is the process for identifying and responding to the risks of fraud?	Please refer to the responses to questions 1 and 3 above.

## Enquiries of those charged with governance

Question	2022-23 Response
8. What is the allocation of responsibilities between those charged with governance and management?	<p>The <a href="#">Council Constitution</a> details responsibilities of Elected Members, being those charged with governance, and Council officers.</p> <p>Specific allocations of responsibilities are detailed in <a href="#">PART 3 (Responsibilities for Functions)</a>.</p>
9. Are there any matters which those charged with governance consider require particular attention during the audit?	No.
10. What arrangements are in place to oversee the effectiveness of internal control?	<p>Governance and Audit committee's Terms of Reference details its responsibility to review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.</p> <p>On <a href="#">4<sup>th</sup> July 2023</a>, Governance and Audit committee critically reviewed the Annual Governance Statement prior to its inclusion in the Statement of Accounts.</p> <p>As detailed in the <a href="#">Local Code of Corporate governance</a>, the Council is required to conduct an assessment of its governance framework including the system of</p>

## Enquiries of those charged with governance

Question	2022-23 Response
	<p>internal control. The review of effectiveness is led by the Deputy Chief Executive and Group Director Finance, and Digital and Frontline Services.</p> <p>The exercise involves a continued review of the activities in place around the Council's main governance arrangements, discussing and challenging the governance arrangements with senior officers across services and taking account of the findings from the Council's corporate assessment and any external inspections that take place. The outcome of the review of effectiveness is reported in the Annual Governance Statement, prepared each year.</p>