

Appendix 4

Date/Dyddiad:
29th November 2023

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

Auditor General for Wales
Wales Audit Office
1 Capital Quarter,
Tyndall Street
Cardiff
CF10 4BZ

Dear Adrian,

Representations regarding the 2022/23 Rhondda Cynon Taf Pension Fund Financial Statements

This letter is provided in connection with your audit of the financial statements of the Rhondda Cynon Taf Pension Fund (the Pension Fund) for the year ended 31st March 2023 for the purpose of expressing an opinion on their truth and fairness.

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.
- 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 Rhondda Cynon Taf Pension Fund 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:

We confirm that:

- 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.
- 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.

- 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.

Representations by those charged with governance being Rhondda Cynon Taf County Borough Council as administering authority for the Rhondda Cynon Taf Pension Fund

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 the full Council of Rhondda Cynon Taf on 29 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.

We have disclosed the identity of all related parties and all the related party relationships and transactions of which we are aware.

Signed by:

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

Leading Member

Date

Date

Appendix A

Enquiries of Management

Enquiries of management - in relation to financial reporting	
Question	2022-23 Response
<p>1. Are there any accounting framework changes affecting the current year financial statements of the Pension Fund? Where there are changes, what actions have been taken in response to these changes?</p>	<p>The Pension Fund Statement of Accounts are produced in line with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards (IFRS).</p> <p>There are no changes to the Code of Practice requiring changes to the Statement of Accounts of the Rhondda Cynon Taf Pension Fund.</p>
<p>2. What are your general views on the risk assessment process relating to financial reporting for the Pension Fund?</p>	<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. Training records are held in a skills and knowledge framework register and reviewed by the Investment and Administration Advisory Panel.</p> <p>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 Fund's certified draft financial statements, reviewing the extent the statements take cognisance</p>

Enquiries of management - in relation to financial reporting

Question	2022-23 Response
	<p>of audit reports during the year, and changes in accounting policy and internal control mechanisms.</p> <p>As administering authority, 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>
<p>3. Have you considered the appropriateness of the accounting policies adopted by the organisation in preparation of the Pension Fund's financial statements?</p> <p>Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p> <p>How do you ensure the compliance and completeness of narrative on critical accounting policies and judgements?</p>	<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>No accounting policies have required change for the 2022/23 Statement of Accounts. Quality Assurance and sign-off arrangements in place within the Final Accounts Team as part of Statement of Accounts preparation and certified draft Statement of Accounts are reported to Governance and Audit Committee for review / scrutiny.</p> <p>Accounting policies and critical judgements were reviewed by Governance and Audit committee at its meeting of 4th September 2023 as required by its terms of reference.</p>

Enquiries of management - in relation to financial reporting

Question	2022-23 Response
<p>4. Are you aware of significant transactions that are outside the normal activities of the Pension Fund?</p>	<p>No significant transactions took place within 2022/23 outside of normal activities.</p>
<p>5. Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets?</p>	<p>Other than Investment Assets, there are no non-current assets held by the Pension Fund. Investments Assets are valued at year end values in accordance with Note 1.2 of the financial statements.</p>
<p>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?</p> <p>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,</p>	<p>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.</p> <p>Note 4 to the Statement of Accounts details “Assumptions Made about the Future and other major Sources of Estimation Uncertainty”.</p> <p>There have been no changes in accounting policies adopted in relation to significant estimates.</p>

Enquiries of management - in relation to financial reporting

Question	2022-23 Response
<p>and the degree of estimation uncertainty inherent in the estimate?</p> <p>Have there been any changes in accounting policies adopted in relation to significant estimates?</p>	
<p>7. Have you used any experts in the preparation of the accounts?</p>	<p>AON are engaged to calculate actuarial valuations.</p> <p>Pooled Investment Vehicles managed by the WPP are valued using net asset values provided by Link, the WPP operator. These are reported at the closing single price.</p> <p>Pooled Property Funds are valued by Fund Managers using reliable valuation techniques to determine Fair Value. Property valuations are represented by unit prices, based on underlying independent professional valuations.</p>
<p>8. Have there been any issues that may impact the preparation of the accounts identified so far?</p>	<p>No</p>

Enquiries of management - in relation to financial reporting

Question	2022-23 Response
<p>9. 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> <p>Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the Pension Fund's ability to continue as a going concern?</p>	<p>By its very nature, the Pension Fund is in place to provide pensions benefits to its members upon retirement and as such has a focus on the long-term sustainability of the Fund.</p> <p>The risk register is updated on a quarterly basis, with one of the key funding risks identified being "long term strategy unable to meet the objective of funding liabilities". The impact and likelihood of this risk is formally assessed by Pension Panel, Pension Board and Pension Committee on a quarterly basis.</p> <p>Given the above, the basis of the preparation of the Statement of Accounts remains as a going concern.</p> <p>There are no events or conditions beyond the period of the going concern assessment that may cast significant doubt on the Pension Fund's ability to continue as a going concern.</p>
<p>10. How do you ensure the compliance and completeness of narrative on critical accounting policies and judgements?</p>	<p>Please refer to response to Q.3</p>

Enquiries of management - in relation to financial reporting

Question	2022-23 Response
11. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations?	No
12. Please provide information on the use of financial instruments, including derivatives.	Please refer to Note 1.2 "Investment Valuation of Financial Instruments" within Significant Accounting Policies.
13. Please provide information on the status of contingencies from the prior year.	Please refer to Note 10 of the Statement of Accounts whereby there is a contingent liability of £1.165m (£981k in 2021/22) in respect of refundable contributions for leavers who have not yet claimed refunds.
14. Are you aware of any guarantee contracts?	The Pension Fund holds no contracts where it accepts debt or liabilities in the event of a third party default. There are certain admitted bodies that are required to hold a Bond to protect the Fund in the event the admitted body is unable to meet its obligations to the Fund.

Enquiries of management - in relation to financial reporting

Question	2022-23 Response
15. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements of the Pension Fund?	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 fraud

Question	2022-23 response
<p>16. 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>As “Scheme Manager” for the Rhondda Cynon Taf Pension Fund, the controls applied in Rhondda Cynon Taf CBC also apply to the administration of the Pension Fund.</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">• Financial Procedure Rules• Contract Procedure Rules• Human Resources policies• Anti-Fraud, Bribery & Corruption Strategy• Whistleblowing Policy• Gifts and Hospitality Policy. <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</p>

Enquiries of management- in relation to fraud

Question	2022-23 response
	<p>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> <p>New employees attend a corporate induction and an induction checklist encompasses key policies and procedures.</p> <p>All Members receive Code of Conduct training and newly elected Member and refresher training is available annually. Code of conduct training is also provided to co-opted Members. The following codes and protocols 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>The risk of fraud is identified in the risk register alongside control measures to mitigate the impact and likelihood. The scoring for impact and likelihood of this risk is formally assessed by Pension Panel, Pension Board and Pension Committee on a quarterly basis. The Pension Fund Risk Register includes a specific risk in respect of Fraud with the following control measures (that are reviewed on an on-going basis and reported quarterly to the Pension Panel, Pension Committee and Pensions Board):</p> <ul style="list-style-type: none">• Strict internal control mechanisms, segregation of duties, etc.• Internal and External Audit Review.• National Fraud Inspectorate participation.• Whistleblowing policy in place.

Enquiries of management- in relation to fraud

Question	2022-23 response
	<ul style="list-style-type: none">• Enhanced processes in place to avoid scam pension fund transfers in accordance with TPR guidance.• The Pension Fund is signed up to the Regulator Pledge to carry out due diligence to reduce the risk of fraud <p>With specific regard to the Pension Fund, there is an Internal Disputes Resolution Procedure (that also sets out the complaints process to the Regulator). Link to the Pension Fund web-page - https://www.rctpensions.org.uk/EN/Search/SearchResults.aspx?search_keywords=disputes</p> <p>Codes and Protocols</p> <ul style="list-style-type: none">• Members' Code of Conduct• Protocol Standard of Conduct to be followed by Members• Officers' Code of Conduct• Protocol for Member/Officer Relations <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
17. Do you have knowledge of any actual, suspected or alleged fraud affecting the Pension Fund?	<p>As “Scheme Manager” for the Rhondda Cynon Taf Pension Fund, the controls applied in Rhondda Cynon Taf CBC also apply to the administration of the Pension Fund.</p> <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 the Pension Fund.</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 15th March 2023 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 15th March 2023 (and an Anti-Fraud, Bribery and Corruption mid-year update was reported to the Governance and Audit Committee on 7th December 2022).</p>

Enquiries of management- in relation to fraud

Question	2022-23 response
	<p>The Governance and Audit Committee produces an Annual Report setting out its work during the year, with references made to its consideration of both whistleblowing and anti-fraud updates. The Annual Report is presented to Rhondda Cynon Taf's full Council.</p> <p>There are no known actual, suspected or alleged fraud issues affecting the Pension Fund Statement of Accounts.</p>
<p>18. What is management's process for identifying and responding to the risks of fraud, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>As administering authority for the Rhondda Cynon Taf Pension Fund 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"> • Financial & Contract Procedure Rules • Systems of Internal Control • Recruitment Policies • Whistleblowing Policy • 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) • An independent Internal Audit Service (the 'scopes' for specific audit assignments included in the 2022/23 Audit Plan took account of revised working arrangements / potential risks as a result of the pandemic). • An independent Corporate Fraud Team

Enquiries of management- in relation to fraud

Question	2022-23 response
	<ul style="list-style-type: none">• Combining with Others to Prevent and Fight Fraud, for example, Participation in the National Fraud Initiative. <p>The Anti-Fraud, Bribery & 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>More specifically in respect of the Pension Fund:</p> <ul style="list-style-type: none">• The Rhondda Cynon Taf Pension Fund produces an annual Report that sets out the Fund’s governance arrangements and compliance with these, this being shared with Audit Wales prior to publication to ensure / determine consistency with the Pension Fund Statement of Accounts. The Annual Report is published on the RCT Pension Fund website.• Underpinning the Pension Fund’s governance arrangements are a suite of governance documents that are kept under on-going review and updates reported to the Pension Fund Committee at least once per year (with these documents also published on the RCT Pension Fund website -

Enquiries of management- in relation to fraud

Question	2022-23 response
	<p>https://www.rctpensions.org.uk/EN/GovernanceAndInvestment/GovernanceandInvestment.aspx).</p> <ul style="list-style-type: none"> • See also response to Q16 in respect of the Pension Fund Risk Register. <p>Given the governance arrangements in place, management can give assurance that the risk of material misstatement is low.</p>
<p>19. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>As detailed in its Anti-Fraud, Bribery and Corruption progress report for 2022/23, Governance and Audit committee on 15th March 2023, received an update detailing that the vast majority of referrals received relate to financial fraud against the Revenues and Benefit system.</p> <p>Given the above, there are no identified classes of transactions, account balances and disclosures within the Pension Fund Statement of Accounts identified as most at risk of fraud.</p>
<p>20. Are you aware of any whistleblowing or complaints by potential</p>	<p>There have been no whistleblowing or complaints by potential whistleblowers during the 2022/23 financial year.</p>

Enquiries of management- in relation to fraud

Question	2022-23 response
whistle blowers? If so, what has been your response?	
21. 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 Q17.
22. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?	<p>As the administering authority, Rhondda Cynon Taf CBC 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. The Human Resources Service oversees terms and conditions of employment, and the Council, as administering authority, have 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. The expectations of each employee are set out from the outset.</p>

Enquiries of management- in relation to fraud

Question	2022-23 response
	<p>The Council, as employer, 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>
23. For service organisations, have you reported any fraud to the user entity?	There have been no instances of fraud during 2022/23.

Enquiries of management- in relation to laws and regulations

Question	2022-23 response
24. Are you aware of any laws, other statutory and regulatory requirements that could affect the financial statements of the Pension Fund?	<p>No.</p> <p>The Fund is not aware of any laws, other statutory and regulatory requirements that could require changes to the financial statements as currently drafted.</p>
25. What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?	<p>Revised legal and regulatory updates are reported through the Investment and Administration Advisory Panel.</p> <p>The Risk Register identifies the risk of non-compliance with regulatory requirements and details the control measures in place to mitigate the risk of impact and likelihood of occurrence.</p> <p>Control measures include:</p> <ul style="list-style-type: none">• There are sufficient fully trained staff.• Regular updates are received and acted upon.• Membership of relevant pensions professional bodies.• Welsh Pension Officer Group participation.• Welsh Pension Fund Treasurers Group participation.• Compliance with MiFID II.• Submission of Annual Pension Scheme Regulator Return.

Enquiries of management- in relation to laws and regulations

Question	2022-23 response
26. What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?	Significant issues would be reported through to Pension Fund Investment and Administration Advisory Panel. The accounting implications would be addressed by the Pension Fund accountant who is a member of the panel.
27. Have there been any changes to laws and regulations that directly impact the entity this year?	No
28. Are you aware of any instances of non-compliance with laws or regulations? Are you on notice of any such possible instances of non-compliance?	No
29. Have there been any examinations or inquiries performed by licensing, tax or other authorities/regulators?	No

Enquiries of management- in relation to laws and regulations

Question	2022-23 response
30. Has there been any significant communications with regulators?	Other than routine correspondence and the Pensions Regulator Annual Scheme Return and data score, there have been no significant communications with regulators.
31. For service organisations (if applicable), have you reported any non-compliance with laws and regulations?	No

Enquiries of management- in relation to related parties

Question	2022-23 response
32. 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?	Related party transactions are disclosed within the notes to the statement of accounts in accordance with the Code of Practice on Local Authority Accounting.

Enquiries of management- in relation to laws and regulations

Question	2022-23 response
	<p>Related party transactions for both Elected members and Chief Officers who are designated members of the administering authority's 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 panel, board and committee meeting.</p>
33. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?	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.
34. 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 panel, board and committee meeting.</p> <p>Independent checks are undertaken by Finance Officers against publicly available national databases to minimise the risk of non disclosure.</p>

Enquiries of management- in relation to laws and regulations

Question	2022-23 response
	<p>Additional controls are in place to ensure records of related parties are captured prior to a Member or officer of the Senior Leadership Team leaving the administering authority.</p> <p>Additional controls include:</p> <ul style="list-style-type: none">• Gift and Hospitality Policy• Contract Procedure Rules• The Anti- Fraud, Bribery and Corruption Strategy.
<p>35. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none">• with related parties, and• outside the normal course of business?	<p>As above.</p> <p>Any individual declaring an interest in any agenda item would be excluded from decision making.</p>

Enquiries of management- in relation to control environment, IT systems, risk and governance

Question	2022-23 response
<p>36. What are your views on the entity's control environment? How would you assess the process for reviewing the effectiveness of internal control?</p>	<p>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 administering authority's S151 Officer and other senior officers.</p> <p>In addition, the Terms of Reference of the Governance and Audit committee detail its responsibility to review the administering authority's Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.</p> <p>The Annual Governance Statement specifically references the further requirements for the Pension Fund in addition to the administering authority responsibilities at section 6.10. Appendix 1.pdf (moderngov.co.uk)</p>
<p>37. Have there been any changes to significant IT systems or applications in the period?</p>	<p>From a Pension Fund perspective, there have been no changes to IT systems / applications in the period.</p>
<p>38. How do you communicate with those charged with governance regarding business risks including fraud?</p>	<p>As administering authority, the Council's Strategic Risk Register is reported to Cabinet as part of the Council's quarterly Performance Reports, evidencing a review of the</p>

operating environment. Changes to the risks are clearly identified with the full Strategic Risk Register which can be accessed at this [link](#).

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).

More specifically for the Pension Fund Risk register, the register is presented to the Investment and Administration Advisory Panel, Pension Board and Pension Committee.

Appendix B

Enquiries to those charged with governance

Question	2022-23 response
1. Do you have any knowledge of actual, suspected or alleged fraud affecting the Pension Fund?	<p>Potential fraud or wrong-doing is managed via the administering authority, Rhondda Cynon Taf CBC'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 the Pension Fund.</p> <p>To support transparency and openness, the Council's arrangements during 2022/23 included:</p> <p><u>Whistle-blowing arrangements</u></p> <p>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 15th March 2023 together with the approval of revised Whistleblowing Policy and Procedure.</p> <p><u>Anti-fraud arrangements</u></p> <p>The Anti-Fraud Annual Report for 2022/23 was reported to the Governance and Audit Committee on 15th March 2023 (and an Anti-Fraud, Bribery and Corruption mid-year update was reported to the Governance and Audit Committee on 7th December 2022).</p>

	<p>With specific regard to the Pension Fund, there is an Internal Disputes Resolution Procedure (that also sets out the complaints process to the Regulator). Link to the Pension Fund web-page - https://www.rctpensions.org.uk/EN/Search/SearchResults.aspx?search_keywords=disputes</p> <p>There are no known actual, suspected or alleged fraud issues affecting the Pension Fund Statement of Accounts.</p>
<p>2. What is your assessment of the risk of fraud within the Pension Fund?</p>	<p>The assessment of risk of fraud within the Pension Fund is low.</p>
<p>3. How does the Full Council exercise oversight of:</p> <ul style="list-style-type: none"> • management's processes for identifying and responding to the risk of fraud in the Pension Fund, and • the controls that management has established to mitigate these risks? 	<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"> • Financial & Contract Procedure Rules • Systems of Internal Control • Recruitment Policies • Whistleblowing Policy • 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) • 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). • An independent Corporate Fraud Team (whose work includes completing an Anti-Fraud, Bribery & Corruption Risk Assessment, which helps to target and prioritise areas of activity) • Combining with Others to Prevent and Fight Fraud • Participation in the National Fraud Initiative

The Anti-Fraud, Bribery & 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.

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.

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.

In addition, the Head of Internal Audit has produced a Head of Internal Audit Report for 2022/23. At [Governance and Audit Committee in July 2023](#), the Head of Internal Audit Report states:

- *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".*
- *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.*

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 were being implemented by Council services.

	<p>The Rhondda Cynon Taf Pension Fund produce an Annual Report that sets out the Fund's governance arrangements and compliance with these, this being shared with Audit Wales prior to publication to ensure / determine consistency with the Pension Fund Statement of Accounts. The Annual Report is published on the RCT Pension Fund website.</p> <p>Underpinning the Pension Fund's governance arrangements are a suite of governance documents that are kept under on-going review and updates reported to the Pension Fund Committee at least once per year (with these documents also published on the RCT Pension Fund website - https://www.rctpensions.org.uk/EN/GovernanceAndInvestment/GovernanceandInvestment.aspx).</p>
<p>4. 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 Pension Fund?</p>	<p>No</p>
<p>5. How does the Full Council, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?</p>	<p>Revised legal and regulatory updates are reported through the Investment and Administration Advisory Panel.</p> <p>The Risk Register (reported to panel, board and committee) identifies the risk of non-compliance with regulatory requirements and details the control measures in place to mitigate the risk of impact and likelihood of occurrence.</p>

	<p>Control measures include:</p> <ul style="list-style-type: none"> • There are sufficient fully trained staff and elected Members of the Pension Fund Committee and Pensions Board (supported by a skills and knowledge framework). • Regular updates are received and acted upon. • Membership of relevant pensions professional bodies. • Welsh Pension Officer Group participation. • Welsh Pension Fund Treasurers Group participation. • Compliance with MiFID II. • Submission of Annual Pension Scheme Regulator Return.
<p>6. What is the allocation of responsibilities between those charged with governance and management?</p>	<p>The Council Constitution details responsibilities of Elected Members, being those charged with governance, and Council officers.</p> <p>Specific allocations of responsibilities are detailed in PART 3 (Responsibilities for Functions).</p> <p>See also response to question 3 (and the electronic link to governance documents) that sets out the governance structure (see in particular the Pension Fund Governance Policy Statement).</p>
<p>7. Are there any matters which those charged with governance consider require particular attention during the audit?</p>	<p>No.</p>

8. How does the Full Council, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?

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 panel, board and committee meeting.

Independent checks are undertaken by Finance Officers against publicly available national databases to minimise the risk of non disclosure.

Additional controls are in place to ensure records of related parties are captured prior to a Member or officer of the Senior Leadership Team leaving the administering authority.

Additional controls include:

- Gift and Hospitality Policy
- Contract Procedure Rules
- The Anti- Fraud, Bribery and Corruption Strategy.