



## RHONDDA CYNON TAF COUNCIL

Minutes of the virtual meeting of the Governance and Audit Committee held on Wednesday, 24 January 2024 at 5.00 pm.

This meeting was recorded, details of which can be accessed [here](#)

### **Chair present:**

Mr C Jones (Chair)

### **The following Committee Members were present:**

Councillor M Maohoub    Councillor S Rees  
Councillor B Stephens    Councillor L A Tomkinson  
Mr J Roszkowski

### **Officers in attendance**

Mr A Wilkins, Director of Legal Services and Democratic Services  
Mr M Crumbie, Head of Procurement Delivery  
Mr P Griffiths, Service Director – Finance & Improvement Services  
Mr A Wathan, Head of Regional Audit Service  
Ms L Cumpston, Group Audit Manager  
Mr C Evans, Data & Systems Manager  
Mr C Millard, Temporary Procurement Manager - Operations And Projects  
Mr I Phillips – Audit Wales

#### **43 Welcome and Apology**

The Chair welcomed attendees to the meeting of the Governance and Audit Committee and an apology for absence was received from County Borough Councillor A Ellis.

#### **44 Declaration of Interest**

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

#### **45 Minutes**

It was **RESOLVED** to approve the minutes of the 19<sup>th</sup> December 2023 as an accurate reflection of the meeting.

#### **46 Procedure Rules Update (PowerPoint presentation) - an overview of the Council's Contract and Financial Procedure Rules**

Prior to receiving an overview of the Contract and Financial Procedure Rules,

Members were informed by the Service Director of Finance and Improvement Services that the update had been informed by the Governance and Audit Committee's Learning and Development Plan, which had been agreed by the Committee on 14<sup>th</sup> February 2023. The Service Director noted that this was the first update to the Committee in respect of the Procedure Rules and informed Members that its purpose was to raise awareness of their content, which was a key element of the Council's Constitution and applied to all officers and Elected Members of the Local Authority. The Service Director added that the update sought to further enhance the Committee's understanding of the Procedure Rules and would provide context to future reports presented to the Governance and Audit Committee.

With the aid of a PowerPoint presentation, the Data and Systems Manager and the Procurement Manager provided the Governance and Audit Committee with an overview of the Council's Contract Procedure Rules. Members were informed that the main purpose of the Contract Procedure Rules is to ensure legal compliance by giving structure to members of staff when procuring.

The presentation included an overview of the relevant legal framework, the governance arrangements and information in respect of the changes to the Procurement Bill, Social Partnership and Public Procurement (Wales) Act 2024, with an implementation period expected by October 2024.

One Member questioned if there was collaborative work undertaken with other Local Authorities in respect of the procurement process, which might achieve better value when buying products in bulk. The Procurement Manager confirmed that partnership work was embedded within the procurement process and that all Public Sector Bodies in Wales were members of a Welsh Government Commercial Delivery Team, which typically involves common items of spend.

The Member questioned whether it was mandatory that officers take the lowest bid or if they consider any added value to the tender. The Procurement Manager advised that goods and services were rarely procured based on the lowest bid. It was explained that under the current regulations, tenders were valued on being the 'most economically advantageous', which takes into consideration a combination of acquisition cost and the cost of running the service. Members were informed that under the new regulations, the value will be based on the most advantageous, which would allow more scope to be given around added quality and benefits of a provider.

Furthermore, the Member requested that the Committee receive a further update in the future, in respect of the implementation and impact of the changes to the regulations, to which the officer agreed.

The Vice-Chair questioned how often contracts were kept within the South Wales area and queried if opportunities were well advertised to local businesses. The Head of Procurement advised that during the period April 2023 – November 2023, the Council spent approximately £200M; £144M of which was spent in Wales and £134M of which was spent within the South-East Wales Region. Members learned that of the £200M, £52M was spent on businesses with a Rhondda Cynon Taf postcode. In terms of advertisement, the officer informed the Committee that service areas were encouraged to procure locally, where possible, and spoke of a local business directory located on the Council's website. The officer advised that local businesses were encouraged to sign up to the directory, which links to a dashboard that allows officers to contact the

businesses and notify them of relevant adverts. The officer acknowledged that the tendering process for Public Sector contracts could be challenging, in terms of paperwork, and advised that the Council links in with Business Wales and Sell2Wales who can provide businesses with advice and guidance.

The Chair acknowledged the complexity of legislation and questioned whether the EU element is completely removed from the process. The Head of Procurement explained that the new Public Contract Regulations would broadly mirror the same principles of openness and transparency, would continue to allow companies outside of Wales to bid for contracts and would simplify the process to encourage SME's to bid for contracts.

Following questions on the Contract Procedure Rule presentation, the Service Director of Finance and Improvement Services provided the Governance and Audit Committee with an overview of the Council's Financial Procedure Rules via PowerPoint slides. The Service Director informed the Committee that the purpose of the Financial Procedure Rules is to provide a framework for managing the Authority's financial affairs.

As part of the presentation, Members were provided with context in respect of the Council's Scheme of Delegation before being provided with an overview of the key areas within the Financial Procedure Rules:

- Financial Management;
- Financial Planning;
- Risk Management and Control of Resources;
- Financial Systems and Procedures; and
- External Arrangements.

The Chair thanked the Service Director for the detailed updates to Committee and it was **RESOLVED**:

1. To note the update.

#### **47      Audit Wales Report - 'Use of Performance Information: Service User Perspective and Outcomes' - Council Progress Update**

The Governance and Audit Committee were provided with the Audit Wales report in respect of the Council's 'Use of Performance Information: Service User Perspective and Outcomes' and the actions to be taken by the Council to implement the recommendations.

Mr I Phillips from Audit Wales informed the Committee that the work was undertaken with all 22 Local Authorities and that the intention was to publish a national report in March 2024, to outline the common themes identified.

Audit Wales took the opportunity to outline the scope of the exercise and to explain why this was an important area of consideration. Audit Wales stated that providing services is a key role for a Council, and as such, performance information helps the Council understand outcomes from the perspective of the service users and whether the work its doing is achieving its objectives. Audit Wales noted that this was not a review of the Council's consultation and engagement activity, but about the performance information that the Council uses to help understand the perspective of its service users.

Audit Wales' findings highlighted that the performance information provided to Senior Leaders did not generally enable them to understand the service user perspective and the outcomes of the Council's activities, apart from a few limited examples. It was explained that, generally, reports did not include performance information from the perspective of service users and that the information provided in respect of service users was limited. Examples had been found within service self-evaluation reports, whereby service user information had been captured but the breadth of information was variable. In respect of outcomes, Audit Wales' findings highlighted that the performance information to Senior Leader was largely focussed on outputs rather than impact and evaluative. In relation to the accuracy of the data relating to the service user perspective and outcomes, it was found that the Council did not have arrangements in place to routinely ensure the data quality of performance information relating to service user outcomes. Finally, in relation to reviewing and learning, Audit Wales noted that the Council recognises that it needs to make better use of the data available to it and to strengthen its engagement with service users.

Audit Wales assured the Committee that its findings were fairly consistent with other Local Authorities and advised that the full comparison could be found in the National report, once published.

Audit Wales had made three recommendations to the Council and was satisfied with the Council's organisational response to its recommendations, which was documented in the papers before Members.

One Member queried which service areas were covered during the exercise and what methodology was used to gather the information. Audit Wales explained that information was obtained through published performance reports and the service self-evaluations from across the Council.

The Service Director of Finance and Improvement Services took the opportunity to inform the Committee of the Council's organisational response to the recommendations made by Audit Wales. The Service Director fed back that the Council's has comprehensive performance management arrangements in place and acknowledged that there was opportunity to use information more effectively to better demonstrate impact. It was noted that there were areas of good practice within the Council and that this needed to be applied further to enable a more consistent approach. The Service Director also noted that this was an area for improvement, identified within the Council's service self-evaluation process, which aligned to the feedback from Audit Wales.

In respect of the recommendations identified by Audit Wales, the Service Director fed back that work is on-going to focus on the impact of the Council's work from the perspective of the service user and indicated that case studies are being incorporated into quarterly Performance Reporting arrangements to help demonstrate impact.

With regard to the recommendation to strengthen the information provided to Senior Leaders to help determine whether the Council is delivering its objectives, the Service Director fed back that Corporate Plan action plans are focussed on evaluative actions to strengthen this area and updates will be reported via Performance Reporting arrangements.

In terms of the recommendation relating to arrangements to check the quality

and accuracy of the information it provides to senior leaders relating to service user perspective and outcomes, the Service Director fed back that designated Data Teams are in place across the Council with updated arrangements being introduced to evidence the data assurance checks that are completed alongside support by corporate officers, as appropriate.

One Member spoke of the information gathered through the customer complaints and compliments arrangements, and asked if this information plays a part in the process. The Service Director fed back that customer complaints and compliments are captured via the Council's Customer Relation Management System and are taken into account as part of service delivery and planning processes, alongside direct engagement with service users.

The Chair thanked Audit Wales and the Service Director for the update and the Governance and Audit Committee **RESOLVED:**

1. To note the findings and recommendations within the Audit Wales Local Report – 'Use of performance information: service user perspective and outcomes' and the Council's response to the recommendations;
2. To consider whether there are any matters of a governance, internal control or risk management nature that require further action or attention by the Governance and Audit Committee; and
3. To consider whether there are any matters of a performance nature that require review by the Council's Scrutiny Committees.

**N.B** – Mr J Roszkowski left the meeting during this item.

#### **48 Progress Against the Internal Audit Risk Based Plan 2023/24**

The Audit Manager provided the Governance and Audit Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2023/24.

The Audit Manager noted that the Internal Audit Risk Based Plan for 2023/24 was submitted to the Governance and Audit Committee for consideration and approved on the 4<sup>th</sup> July 2023. The Plan outlined the audit assignments to be carried out in order to provide adequate coverage to enable an overall opinion at the end of 2023/24.

The Audit Manager directed Members to Appendix A of the report, this detailing the status of each planned review, the audit opinion (where the audit is complete or has reached draft report stage) and the number of recommendations made to improve the internal control, governance and risk management environment. The report also included the following internal quarterly performance targets, which will assist internal audit management in monitoring the delivery of the approved plan:

- Qtr 1 = 10%
- Qtr 2 = 30%
- Qtr 3 = 50%
- Qtr 4 = 80%

As of 31<sup>st</sup> December 2023, 29% of the plan had been achieved, which was below the target set. The Audit Manager advised there was currently a vacancy, a maternity leave position and long-term sickness within the team and in order to address the shortfall, the team had actively engaged with SWAP and a Senior

Auditor had been employed on an interim basis.

Members were informed that in addition to the 29% completion of the plan, 24 audits were in progress, which meant a further 34% of the plan was currently in progress. The intention was to complete the audit assignments that are currently in progress to draft report stage in quarter 4, which would take the performance to over 50% of the plan. Furthermore, 16 audits had been allocated to auditors for quarter 4. The Manager noted that, historically, quarter 4 had always taken an upturn in performance; despite the ongoing gaps within the team, measures had been put in place to ensure the team would be in a good position to deliver an opinion at the end of the year.

Members were informed that of the 20 audit assignments, which had been completed to report stage, 19 were given a *Reasonable* or *Substantial Assurance* audit opinion. The report at draft stage was currently a *Limited Assurance* opinion but could be subject to change.

Members attention was drawn to Appendix A to the report, which included audits that were not started during 2022/23 or were incomplete at the year end. These numbered 31, with 27% complete to report stage and a further 19% in progress.

The Governance and Audit Committee **RESOLVED:**

1. To note the content of the report and the progress made against the Internal Audit Risk Based Plan 2023/24.

## **49 Internal Audit Recommendations Update**

The Audit Manager provided the Governance and Audit Committee with a position statement on internal audit recommendations that have been made to identify those that have been implemented and those that are outstanding.

It was noted that recommendations are made at the conclusion of each audit review to identify improvements to be made to mitigate risk and strengthen controls. These recommendations are then included in the final audit reports and recipients are asked to provide a management response to indicate whether they agree to the recommendation, how they plan to implement them and target dates. The implementation of agreed recommendations are prioritised as high, medium or low priority.

Members were directed to Table 1 of the report that highlighted the different priority ratings which are used and the recommendation categorisation. Once the target date for implementation has been reached the relevant officers are contacted and asked to provide feedback on the status of each agreed recommendation.

Members attention was drawn to the tables within the report, which highlighted that there were no outstanding recommendations made in relation to audits completed in the audit plan for the previous financial year or the current financial year.

The Audit Manager noted that a total of 5 recommendations were made during 2022/23, which still had a future target date, and it was noted that several of these audits were finalised within the last 6 months and the proposed implementation timescales agreed.

The Chair thanked the Audit Manager for the report and the Governance and Audit Committee **RESOLVED:**

1. To note the content of the report and consider the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

**50 The Council's Finalised Annual Self-Assessment 2022/23 incorporating the Council's Corporate Performance Report - Verbal Update**

The Service Director of Finance and Improvement Services provided the Governance and Audit Committee with a verbal update in respect of the Council's Finalised Annual Self-Assessment 2022/23.

The Service Director reminded Members that the draft Self-Assessment was considered by the Committee at its meeting held on 19<sup>th</sup> December 2023 and advised that the observations made by the Committee were included in a report to Council on 17<sup>th</sup> January 2024. The Service Director stated that the Self-Assessment had been approved by Full Council and that an email would be circulated to the Governance and Audit Committee with a link to the meeting, the final report and live stream for Members' information.

The Chair thanked the Service Director for the information and it was **RESOLVED:**

1. To note the update.

**51 Internal Audit Service 2024/25 - Verbal Update**

The Service Director referenced that at the Governance and Audit Committee meeting held on 19<sup>th</sup> December 2023, Members were informed that further to the 18<sup>th</sup> December 2023 Cabinet decision to bring back in-house the Internal Audit Service, the Committee would be kept up-to-date with the associated transition arrangements.

As such, the Service Director advised that a transition plan had been put in place, workforce related matters in terms of TUPE proceedings had commenced, regular engagement was in place with colleagues from the Regional Internal Audit Service and Internal Audit team members would be kept up-to-date as the transition plan is progressed. The Service Director also assured Members that the Committee would be kept up-to-date on progress.

The Chair thanked the Service Director for the update and it was **RESOLVED:**

1. To note the update.

**This meeting closed at 6.30 pm**

**Mr C Jones  
Chair.**