

Mae'r cofnodion hyn yn amodol ar gymeradwyaeth yng nghyfarfod priodol nesaf y Pwyllgor.

These Minutes are subject to approval at the next appropriate meeting of the Committee.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

Minutes of the meeting of the Audit Committee held on Monday, 30th April 2018 at
5 p.m. at the Council Offices, The Pavilions, Cambrian Park,
Clydach Vale.

PRESENT

Mr.R.Hull – in the Chair

County Borough Councillors

L. M. Adams	D. Macey
H. Boggis	S. Pickering
G. Caple	M. J. Powell
A. Cox	R. W. Smith
J. Cullwick	R. Yeo
M. Fidler Jones	

OFFICERS

Mr. C. B. Jones – Director, Legal & Democratic Services

Mr. P. Griffiths – Service Director, Performance & Improvement

Mr. M. Crumbie – Head of Internal Audit & Procurement Development Programmes

Mr. P. Cushion – Head of Employee Relations

Mr. I. Traylor – Head of Pensions, Payroll & Payments

WALES AUDIT OFFICE

Mr. M. Jones – Financial Audit Manager

Ms. J. Morgan – Performance Audit Lead

47. INTRODUCTIONS

The Chair welcomed County Borough Councillor M. J. Powell as a new member of the Audit Committee and asked Officers to make their introductions for the benefit of all individuals present.

48. CHANGE TO THE ORDER OF THE AGENDA

The Committee agreed that the agenda would be considered out of sequence and as detailed in the minutes set out hereunder.

49. DECLARATIONS OF INTERESTS

In accordance with the Members' Code of Conduct the following declarations of interest were made:-

1. County Borough Councillor H. Boggis in relation to Agenda Item 8 (Internal Audit Annual Report 2017/18) and Agenda Item 10 (Internal Audit Charter 2018) – “I am a member of the Llwydcoed Crematorium Joint Committee”.
2. County Borough Councillor H. Boggis in relation to Agenda Item 4 Wales Audit Office – RCT Pension Fund Plan 2018 – “Deferred Member of the Pension Fund”.
3. County Borough Councillor G. Caple in relation to Agenda Item 8 - Internal Audit Annual Report 2017/18 – “I am Governor of Porth County Community School”.
4. County Borough Councillor M Fidler Jones in relation to Agenda Item 5 – Wales Audit Office Audit Plan 2018 – “My wife works for the Wellbeing of Future Generations Commissioner”.

50. APPOINTMENT OF VICE CHAIR

Given the proximity of this meeting to the Council's Annual General Meeting (AGM), scheduled for the 23rd May 2018, Members **RESOLVED** to defer consideration of the appointment of the Vice Chair to the first appropriate meeting of the Audit Committee following the AGM.

51. MINUTES

RESOLVED – to approve as an accurate record the minutes of the meeting of the Audit Committee held on the 19th February 2018.

52. MATTERS ARISING

The Head of Internal Audit & Procurement Development Programmes provided the following updates:-

Minute No. 46 (1) - The thematic reviews have been reflected within the Draft Annual Audit Plan for 2018/19;

Minute No. 46 (2) – Where follow-up reviews have been requested by Audit Committee, this will be recorded within the Introduction of the relevant audit report;

Minute No. 46 (3) – Letters to Glenboi Primary School and Ferndale Community School have been sent acknowledging the improvements demonstrated since the previous audit review; and

Minute No. 46 (4) – All future Internal Audit reports that relate to schools will provide confirmation of the date when the report is to be presented to the Full Governing Body.

Minute No. 46 (5) – Fieldwork for the follow-up reviews relating to Hawthorn High School and Ysgol Gyfun Garth Olwg had been undertaken and the draft reports were in the process of being written.

53. WHISTLEBLOWING ANNUAL REPORT 2017/18

The Head of Employee Relations presented the report of the Director of Human Resources in respect of the Council's Annual Whistleblowing Report 2017/18.

Members were informed that the Prescribed Persons (Reports on Disclosures of Information) Regulation 2017 came into effect on the 1st April 2017 and this placed a requirement upon the Council to prepare an annual report on its whistleblowing arrangements.

The Head of Employee Relations provided an overview of the report and invited Members to review and compare the report against the requirements of the 2017 Regulation, and if they deemed appropriate approve the report, subject to any suggested amendments.

Audit Committee provided positive feedback in respect of the whistleblowing arrangements in place, the work that took place during 2017/18 to raise awareness amongst staff and also was pleased to note that a staff survey was planned, where awareness of the arrangements could be determined.

Following the report it was **RESOLVED**:-

1. To approve the Whistleblowing Annual Report 2017/18; and
2. That at a future meeting, the Audit Committee would receive an update on the outcome of the staff survey, specifically in respect of the general awareness of staff of the Council's Whistleblowing arrangements.

54. WALES AUDIT OFFICE – RCT PENSION FUND PLAN 2018 AND WALES AUDIT OFFICE AUDIT PLAN 2018

The Committee received the reports of the Wales Audit Office in relation to:

- the 2018 Audit Plan – Rhondda Cynon Taf Pension Fund; and
- the 2018 Audit Plan for Rhondda Cynon Taf County Borough Council.

Mr Jones of the Wales Audit Office addressed Committee on items relating to the financial audit plan for the Council and the Pension Fund and Ms J. Morgan on items relating to the performance audit programme.

Mr Jones outlined the Financial Audit Risks as set out in Exhibit 2 of the report and highlighted other work which falls under the remit of the external auditor in

terms of undertaking the audit of the year-end accounts for the Llwydcoed Crematorium Joint Committee, the Central South Consortium Joint Education Service Joint Committee and the Welsh Church Act Fund.

In response to a query on the Council's 2016/17 Statement of Accounts, Mr Jones confirmed that the reference to amended severance costs related solely to Rhondda Cynon Taf Council and would be an area the Wales Audit Office will examine as part of the audit of the 2017/18 Statement of Accounts to determine whether the issue has re-occurred. In addition, Mr Jones indicated that he would provide confirmation on whether the amendment to severance costs, as reflected within the Council's approved Statement of Accounts for 2016/17, had any financial impact on the Council for the previous financial year.

Mr Jones went on to refer to the progress of the City Deal project as an area which would be considered in greater detail in the future to assess its existing and proposed financial and governance arrangements.

Ms. Morgan then outlined the workplan in respect of the 2018 performance audit programme and specifically highlighted the planned work relating to RCT: a review of environmental health services building on previous studies undertaken as part of the 'delivering with less' theme; a review of the arrangements within the Council's Leisure Services again building on previous studies undertaken as part of the 'delivering with less' theme; and a review of the effectiveness of the Council's Corporate Safeguarding arrangements. In response to a query, Ms Morgan confirmed that the results of the recent Wales Audit Office light touch review which focussed on how 'Fit for the Future' the scrutiny functions are within the Council is being progressed and will be reported to the Council in due course.

In conclusion, Mr Jones reported on the audit fees, changes to his audit team and the timetable of work for 2018. Members requested that the dates of the GPX / regional seminars are circulated to all Elected Members for information. It was **RESOLVED:-**

1. To note the contents of the 2018 Audit Plans for Rhondda Cynon Taf County Borough Council; and
2. That all Elected Members receive the dates of the GPX / regional seminars.

REPORTS OF THE GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

55. FRAUD, BRIBERY & CORRUPTION ANNUAL REPORT 2017/18

The Head of Pensions, Payroll & Payments presented the report of the Group Director, Corporate & Frontline Services in respect of the Anti-Fraud, Bribery & Corruption Annual Report 2017/18 and Plan for 2018/19.

Members were reminded that the Anti-Fraud, Bribery and Corruption Strategy had been presented to Audit Committee in November 2017 when Members

resolved to approve the strategy and receive regular progress reports in respect of the work undertaken. The Head of Pensions, Payroll & Payments asked Members to consider and, if appropriate, approve the Anti-Fraud, Bribery & Corruption Annual Plan for 2018/19.

The Head of Pensions, Payroll & Payments outlined the key headline activities for 2017/18 such as the development of a Communications Strategy to help deliver the awareness raising measures across all Council services and the development of a draft fraud awareness payslip insert for inclusion in the May 2018 payslips (attached at Appendix 2 of the report for Members to view).

Members were referred to the table within the report which set out the total number of fraud referrals for 2017/18 and primarily relating to financial fraud against benefit/income support system. The Head of Pensions, Payroll & Payments indicated that these referrals were passported to the Department for Work and Pensions (Fraud and Error Service) who have responsibility for investigating this area.

The Legal Officer confirmed that a response would be provided to the individual Member following the meeting in respect of Elected Members submitting referrals on behalf of residents.

Following discussion and questions from Committee, it was **RESOLVED** to:-

1. Note the outcomes of the anti-fraud work undertaken during 2017/18;
2. Approve the Anti-Fraud, Bribery & Corruption Plan for 2018/19; and
3. Agree to receive updates at future meetings in accordance with the Terms of Reference of the Audit Committee.

56. INTERNAL AUDIT ANNUAL REPORT 2017/18

The Head of Internal Audit & Procurement Development Programmes presented the report of the Group Director, Corporate & Frontline Services in respect of the draft Internal Audit Annual Report 2017/18. Members of the Audit Committee were asked to review the draft report and subject to any amendments, endorse the Internal Audit Annual Report 2017/18.

A summary of the performance of Internal Audit was also provided and in this regard, the Head of Internal Audit & Procurement Development Programmes confirmed that 76% of the planned audit work had been completed to report stage by the 31st March 2018. Of those audits not completed to report stage during 2017/18, full details were provided in respect of how they would be managed.

In conclusion it was reported that the overall system of internal control within the Council operated effectively during 2017/18 with some areas identified for improvement, particularly within the comprehensive school sector.

Following consideration of the report it was **RESOLVED** to endorse the Internal Audit Annual Report 2017/18.

57. FINALISED INTERNAL AUDIT ASSIGNMENTS

The Head of Internal Audit & Procurement Development Programmes presented a summary of audit assignments completed between 2nd February 2018 and 17th April 2018:-

- Additional Needs Funding;
- Safeguarding Arrangements in Schools (Thematic Review);
- St John Baptist CIW High School; and
- Ynysboeth Primary.

Following consideration of the reports it was **RESOLVED** to acknowledge the information contained within the Finalised Audit Assignments.

58. INTERNAL AUDIT CHARTER 2018

The Head of Internal Audit & Procurement Development Programmes presented the report of the Group Director, Corporate & Frontline Services which provided Members with the draft Internal Audit Charter for 2018/19.

The Head of Internal Audit & Procurement Development Programmes referred the Committee to one change in the document compared to the previous year in relation to the additional responsibilities of the Head of Internal Audit position and he explained how this conflict of interest would be managed.

It was **RESOLVED** to approve the Internal Audit Charter for 2018/19 as required by Attribute Standard 1000 of the Public Sector Internal Audit Standards.

59. DRAFT INTERNAL AUDIT PLAN 2018/19

The Head of Internal Audit & Procurement Development Programmes provided the Committee with the Draft Annual Audit Plan for 2018/19 and sought Members view on the adequacy of the Plan.

Members agreed with the thematic reviews which had previously been requested by the Audit Committee and it was also agreed that Members would receive an overview of the training delivered to schools in respect of financial management; this would be included within the workplan for the Committee in

the 2018/19 Municipal Year. Following consideration of the report, it was **RESOLVED:-**

1. To approve the draft Annual Audit Plan for 2018/19; and
2. That Committee receives an overview of training provided to schools across the County Borough in respect of financial management.

60. ANNUAL GOVERNANCE STATEMENT 2017/18

The Service Director Performance & Improvement outlined the report which provided Members with the Council's Draft Annual Governance Statement for the financial year 2017/18 and following consideration thereof, it was **RESOLVED** to:-

1. Recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's draft 2017/18 Statement of Accounts; and
2. Authorise the Group Director, Corporate & Frontline Services to include reference within the Annual Governance Statement should any relevant reports from External Inspectors be received by the Council before the Statement of Accounts are certified.

R.HULL

CHAIRMAN

The meeting closed at 6.50 p.m.