

## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **AUDIT COMMITTEE**

**Minutes** of the meeting of the Audit Committee held at the County Borough Council Offices, The Pavilions, Cambrian Park, Clydach Vale on Monday, 7<sup>th</sup> September 2015 at 5 p.m.

#### **Present**

Mr.R.Hull – in the Chair

#### **County Borough Councillors**

(Mrs) A.Calvert	G.Smith
C.Davies	M.J.Watts
M.Griffiths	E.Webster
P.Griffiths	C.J.Williams
(Mrs) S.J.Jones	C.J.Willis

#### **In attendance:**

County Borough Councillors K.Montague and M.Webber

#### **Officers in Attendance:**

Mr.P.Griffiths – Service Director, Performance & Improvement  
Mr.M.Crumbie – Operational Audit Manager  
Mr B. Davies – Director Financial Services  
Mr.P.Nicholls – Head of Legal – Litigation

#### **Wales Audit Office:**

Mr.J.Saunders – External Audit Manager

## **11 APOLOGIES FOR ABSENCE**

Apologies for absence were received from County Borough Councillors J.Bunnage, A.L.Davies,MBE, R.Lewis, P.Wasley and D.Weeks.

## **12 DECLARATIONS OF INTERESTS**

The following declarations of personal interests in matters pertaining to the agenda were received from:

- (1) County Borough Councillor G.Smith in respect of Agenda Item No.5 – Draft Statement of Accounts for the Financial Year ended 31 March 2015 – “I am a member of the Capita Glamorgan Consultancy Joint Committee”
- (2) County Borough Councillor (Mrs) A.Calvert in respect of Agenda Item No.5 – Draft Statement of Accounts for the Financial Year

ended 31 March 2015 – “My Husband receives a Local Government Pension”.

(3) Mr.R.Hull in respect of Agenda Item No.5 – Draft Statement of Accounts for the Financial Year ended 31 March 2015 – “I am in receipt of a Local Government Pension”

(4) County Borough Councillor P.Griffiths in respect of Agenda Item No.5 – Draft Statement of Accounts for the Financial Year ended 31 March 2015 – “I am a member of the Capita Glamorgan Consultancy Joint Committee”.

### **13 MINUTES**

**RESOLVED** to approve as an accurate record, the minutes of the meeting of the Audit Committee held on 29 June 2015.

### **14 AUDIT COMMITTEE – DRAFT WORK PROGRAMME 2015/16**

The Operational Audit Manager outlined the report which provided Members with a timetable for the delivery of the draft Work Programme for the Audit Committee in 2015-16 to help enable the Committee to effectively manage its work in line with its Terms of Reference.

Following consideration of the report, it was **RESOLVED** to agree the Work Programme for the 2015/16 municipal year.

### **15 WALES AUDIT OFFICE WORK PLAN AND TIMETABLE (APRIL 2015 TO MARCH 2016)**

The Chairman informed the Committee that the Wales Audit Office Work Plan and Timetable would not be considered at today’s meeting.

The Chairman then invited the External Audit Manager to outline the Wales Audit Office - Local Government Financial Resilience Assessment Project Brief, a copy of which was before Members.

The External Audit Manager informed the Committee that during 2014-15, the Wales Audit Office undertook work at all authorities to assess the adequacy of their financial management and planning arrangements and following on from that work it was now going to examine whether authorities’ financial health, together with how they budget and deliver on required savings, provided assurance that authorities were financially resilient. This latest work would follow up issues highlighted in 2014-15 and consider whether authorities had robust approaches in place to manage the budget reductions they faced to secure a stable financial position that enable them to continue to operate for the foreseeable future.

The various aspects of the planned work were outlined and Members noted that the work of the Wales Audit Office would be reported separately to each authority and summarised in the 2015-16 Annual Improvement Reports. Each Authority would receive a report containing an overall conclusion on financial resilience, supported by three conclusions on financial planning, controls and governance - each of these aspects would be risk rated. The report would also contain the key indicators of financial performance.

The External Audit Manager anticipated the results of the work would be available later this year.

The Committee **RESOLVED** to note the information.

**16 DRAFT STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015**

The Director, Financial Services presented his report which provided the Committee with the opportunity to consider the certified draft Statement of Accounts for 2014/15 financial year in respect of the Council, Llwydcoed Crematorium Joint Committee and Central South Consortium Joint Education Service Joint Committee, along with an update of the audit process being undertaken by the Wales Audit Office.

The Committee were provided with a brief overview of the statutory process in respect of the preparation of the draft statements of accounts and the role of Audit Committee as outlined within the Local Government Measure 2011. Whilst guiding Members through the reports the Director, Financial Services also highlighted the critical judgements in applying accounting policies and assumptions made about the future and other major sources of estimation uncertainty.

The Committee were also advised that the Wales Audit Office had been carrying out their external audit upon the draft statement of accounts, which would be presented to the relevant Committees before the end of the month (September 2015). The External Audit Manager proceeded to provide the Committee with a verbal update on the audit and advised that whilst no major issues had been identified, there were amendments to be made to the accounts of the Council and the Central South Consortium Joint Education Service Joint Committee.

The External Audit Manager confirmed that he had received an objection to the accounts from an individual residing in the County Borough regarding the way in which the Council had dealt with austerity measures during the last few years and this objection was currently being investigated. It might have the effect of delaying the issuing of the audit certificate on the accounts, but not impact on the issuing of the audit opinion.

The Committee **RESOLVED** :-

- a) To Note the Council's certified draft Statement of Accounts for the financial year 2014 /15
- b) To Note the Llwydcoed Crematorium Joint Committee certified draft Statement of Accounts for the financial year 2014 /15
- c) To Note the Central South Consortium Joint Education Service Joint Committee certified draft Statement of Accounts for the financial year 2014 /15
- d) That there were no issues brought before the Committee during the year which would impact on the Accounts which need to be brought to the attention of Council in approving the Statement of Accounts on the 30<sup>th</sup> September 2015.

## **17 INTERNAL AUDIT PERFORMANCE**

As part of the ongoing commitment to provide Committee Members with regular updates, the Operational Audit Manager outlined the report which set out details of the performance of the Internal Audit Service between 1 April and 31 July 2015.

The Audit Plan provided at Appendix 1 included the status of each planned audit review along with the quarter in which the audit was planned to commence. Appendix 2 provided Members with detailed performance information for each review that had commenced and Appendix 3 provided a summary of the status of all recommendations made by the Internal Audit Service, categorised under the relevant Service Group of the Council.

The Operational Audit Manager provided a verbal update that as at the end of August 2015, 23% of the audit plan had been completed to report stage.

In respect of the recommendations reported as 'Overdue / Outstanding' within Appendix 3 of the report, the Operational Audit Manager indicated that confirmation had been received from the respective service areas that all recommendations had now been implemented.

Following a discussion, it was **RESOLVED** to note the report and update.

## **18 FINALISED AUDIT ASSIGNMENTS 2015-16**

The Committee was provided with a summary of the following audit assignments completed between 11 April and 17 August 2015:

### **Education & Lifelong Learning**

- Craig Yr Hesg Primary School

- Dolau Primary School
- Llanharan Primary School
- Penygraig Infants School
- Penygraig Junior School
- Ynyshir Primary School
- Maerdy Community Primary School
- YGG Bodringallt
- Tylorstown Primary School
- Penyreglyn Community Primary School
- Education Other than at School
- Ysgol Gyfun Rhydywaun
- YGG Tonyrefail
- Pensions
- Taxation

### **Chief Executive's and Corporate & Frontline Services**

- Recruitment Checks & Amendments to Payment

### **Community & Children's Services**

- Communities First

Members discussed the outcome of the Communities First Internal Audit Report at length and aired their disappointment at the overall weaknesses in the systems reported.

In response, County Borough Councillor K.Montague, the Deputy Leader of the Council and the Cabinet Member for Tackling Poverty, Engagement & Housing, accepted the comments made and informed the Committee that new management arrangements were already in place.

In addition to the new management arrangements, the Deputy Leader informed Committee that a root and branch review of the Council's Tackling Poverty Agenda was currently being undertaken, which includes the delivery of Communities First. Once the review is completed the Deputy Leader confirmed that the outcomes would be reported to Audit Committee, for information. County Borough Councillor M.Webber supported the position set out by the County Borough Councillor on this matter.

The Operational Audit Manager also highlighted that an audit review of Communities First was due to take place shortly and suggested that this time be now allocated to providing assistance to the new management arrangements in ensuring that any new systems of control are reviewed by Internal Audit during their development.

Audit Committee welcomed the up date provided by County Borough Councillor K. Montague and also supported the suggestion from the Operational Audit Manager that input from Internal Audit would add value to the review currently being undertaken.

it was **RESOLVED** –

- (1) To note the contents of the report.
- (2) That the Operational Audit Manager establishes whether Penygraig Infants and Penygraig Junior Schools utilise the Council's Governor Support Services.
- (3) To note that a wider review is being undertaken in relation to the Council's Tackling Poverty Agenda and that once completed, the outcome would be reported to Audit Committee for information.
- (4) That the Internal Audit time allocated for a formal review of Communities First now be used to work with Management during the re-design of procedures and controls.
- (5) A follow-up Internal Audit review of Communities First is undertaken once systems and procedures have had time to be embedded. In order to ensure independence, the Auditor undertaking the follow-up review will not have had any involvement in the re-design of the new systems and procedures.

**R.HULL  
CHAIRMAN**

The meeting closed at 6.25 p.m.