



## **RHONDDA CYNON TAF COUNCIL AUDIT COMMITTEE**

Minutes of the meeting of the Audit Committee held on Monday, 25 March 2019 at 5.00 pm at the Council Chamber, The Pavilions, Cambrian Park. Clydach Vale, Tonypany, CF40 2XX.

### **Attendance:**

Mr R. Hull (Chair)

### **County Borough Councillors - Audit Committee Members in attendance:-**

|                       |                           |
|-----------------------|---------------------------|
| Councillor G Caple    | Councillor A Cox          |
| Councillor J Cullwick | Councillor M Fidler Jones |
| Councillor M Adams    | Councillor H Boggis       |
| Councillor R Yeo      | Councillor G Davies       |
| Councillor M Norris   | Councillor E Webster      |
| Councillor J Elliott  | Councillor S Rees         |

### **Officers in attendance**

Mr C Jones, Director, Legal & Democratic Services  
Mr P Griffiths, Service Director – Finance and Improvement Services  
Mr I Traylor, Head of Pensions, Payroll & Payments  
Mr M Crumbie, Head of Internal Audit & Procurement Development Programmes  
Mr M. Thomas, Head of Regional Internal Audit Service  
Mr P Cushion, Head of Employee Relations

#### **54 Welcome**

The Chair welcomed Members to the meeting and Officers were asked to introduce themselves to Committee Members.

The Chair also wished to place on record his personal thanks to the Director, Legal & Democratic Services and wished him well in his retirement. Members endorsed his comments.

#### **55 Order of business**

The Chair informed the Committee that he would like to deal with the reports relating to 2018-19 first and then move on to the reports relating to 2019-20. Members endorsed the change in order of the agenda.

#### **56 Apology for absence**

Apologies of absence were received from County Borough Councillors D. Owen-Jones, M. Powell and R. W. Smith.

#### **57 Declaration of Interest**

In accordance with the Council's Code of Conduct, County Borough Councillor M. Fidler Jones declared the following personal interest in Agenda Item 3 –

Hawthorn High School & Y Pant Comprehensive School Update – “Hawthorn High School is within my Ward”.

County Borough Councillor R. Yeo also declared the following personal interest in Agenda Item 5 –“I am a Governor at Llwynrwn Primary School and a Member of the Finance and Performance Scrutiny Committee”.

## **58 Minutes**

It was **RESOLVED** to approve the minutes of the 4<sup>th</sup> of February 2019 as an accurate reflection of the meeting.

## **59 Matters arising**

Minute No 47: *“During the same meeting, Members also requested for a follow-up review of Ysgol Llanhari to be conducted in six months to determine whether sufficient progress was being made to implement recommendations”-*

Members noted that the Committee had previously agreed for a follow up review of Ysgol Llanhari to be conducted in 3 months not 6 months. The Head of Internal Audit & Procurement Development Programmes confirmed that a review would be conducted in three months, with the findings brought back to the Audit Committee.

Minute No 48: The Head of Internal Audit & Procurement Development confirmed that an update in respect of Hawthorn High School would be provided as part of today’s meeting, agenda item 5. A follow-up audit of Y Pant Comprehensive is included within the draft audit plan for 2019/20, and once completed the outcome will be reported to Committee.

Minute No 51: It was also noted that since the last Committee, the outcomes of the staff survey will be used to inform future actions as outlined within the Whistleblowing and Anti-Fraud Annual Reports on today’s agenda.

## **60 Whistleblowing Annual Report 2018/19**

Members were asked to review the Council’s Annual Whistleblowing Report 2018/19 to determine if it complies with the requirements placed upon the Council by the 2017 Regulation and if so to approve the report accordingly.

Discussions ensued and a Member referred the Committee to page 16 of the report and queried why no further action had been taken in respect of a driver of a Council refuse vehicle using foul language. The Head of Employee Relations advised that investigations took place, but on this occasion it was not possible to identify either the individual or the vehicle due to the lack of detail provided as part of the initial whistleblowing complaint.

Another Member questioned some of the outcomes noted within the report as being management discussions. The Head of Employee Relations explained that this was an outcome that is in accordance with the Council’s Disciplinary Procedure, and confirmed that in each case a note was made on the relevant employees file. The Chair referred Committee Members to page 17 of the report, which includes a formal definition of “managerial discussion”.

Further discussion ensued and a Member referred the Committee to point 5.3 of

the report and noted that there are still some areas where more work is needed and that there is evidence to suggest that some staff members still have concerns in respect of whistleblowing. The Head of Employee Relations assured Members that the department would continue to use the intelligence collated from staff surveys to make improvements in this regard.

Following discussion, Members **RESOLVED-**

1. To agree that the Council's Annual Whistleblowing Report complies with the requirements placed upon the Council by the 2017 Regulation; and,
2. To approve the report.

## **61 Anti-Fraud, Bribery & Corruption Annual Report 2018/19**

Members were provided with a report in respect of the progress made to date against the Anti-Fraud, Bribery & Corruption work programme for 2018/19 and proposed work programme for 2019/20.

Members were reminded that in November 2017 they considered and approved the Anti-Fraud Bribery and Corruption Strategy.

The Head of Pensions, Payroll & Payments referenced that whilst the overall number of referrals during the year were of a similar number to 2017/18, a far higher proportion had this year been made through the Council's online referral tool rather than more traditional methods, this providing easier and timely access to the service.

Discussions ensued in respect of the report and a Member commented that the 2019/20 programme does not provide any measurable targets. The Head of Pensions, Payroll & Payments noted the comment and informed Members that whilst reporting this information is a relatively new arrangement, due to the fact that the investigation of potential fraud is a reactive process, the use of targets may not be relevant. The Head of Pensions, Payroll & Payments reassured Members by reference to the report, that there have indeed been tangible outcomes delivered during the year in respect of the reactive and preventative activities, and the report has been developed to include financial recovery details, as previously requested by Committee. He acknowledged that there is further opportunity to target preventative engagement and support, for example, if schools appear more vulnerable to fraudulent attempts, then resources could be deployed in this area.

Members were reminded that assurance can also be provided by referring to the Council's compliance against the CIPFA anti-fraud and bribery checklist as previously reported, and oversight of compliance comes within the Terms of Reference of this Committee.

Further discussions ensued and a Member referred the Committee to Table 4 of the report which details the Corporate Fraud Team's investigatory outcomes to date. The Member stressed that the figures should not be referenced as a "loss (£)" and should be viewed as monies that have been recovered. The Member emphasised that all individuals have a responsibility in respect of reporting issues of fraud, bribery and corruption.

Following discussion, Members **RESOLVED:**

1. To acknowledge the outcomes of the anti-fraud work programme during 2018/19.
2. To acknowledge that the Workplan for 2019/20 is sufficiently flexible to enable deployment of resources in a reactive manner, whilst continuing to support the development of preventative control measures.

## 62 Internal Audit - Finalised Audit Assignments

The Head of Internal Audit & Procurement Development Programmes introduced the report of the Director of Finance & Digital Services in respect of the following audit assignments completed between 25<sup>th</sup> January 2019 and 12<sup>th</sup> March 2019:

- **Education & Inclusion Services**
  - Hawthorn High School (Follow-up) - The Head of Internal Audit & Procurement Development Programmes confirmed that a positive outcome had been noted as a result of the follow-up audit. Notwithstanding this, an audit of the School is included within the draft audit plan for 2019/20 as noted in agenda item 8.
  - Aberdare Community School
  - Capcoch Primary School
  - Cwmlai Primary School
  - Llwyncrwn Primary School
  - YGG Llwyncelyn
- **Whole Authority Arrangements**
  - Anti-Fraud, Bribery & Corruption
  - Performance Indicators
- **Community & Children's Services**
  - Registration Services
  - The Panel Process
  - Adoption Support Payments
- **Corporate & Frontline Services**
  - Legionella Management

Following discussion, it was **RESOLVED** to receive and acknowledge the information contained within the report.

## 63 Head of Internal Audit Annual Report 2018/19

The Head of Internal Audit & Procurement Development Programmes presented the Annual Report for 2018/19.

It was reported that the Internal Audit Plan for 2018/19 included 79 individual audit assignments and, as at the 31<sup>st</sup> of March 2019, 85% of planned audit work was forecasted to be completed.

The Head of Internal Audit & Procurement Development Programmes explained that the 12 audit assignments not scheduled for completion to report stage prior to the end of the 2018/19 financial year have all been carried forward into the 2019/20 Draft Audit Plan. Members were referred to Appendix A of the report.

Based upon the work delivered by Internal Audit during 2018/19, the report

concluded by giving an opinion on the Council's overall internal control environment.

Following consideration of the report, it was **RESOLVED** to approve the information provided.

#### **64 Audit Committee Annual Report 2018/19**

The Head of Internal Audit & Procurement Development Programmes together with the Chair of the Audit Committee presented the report of the Director of Finance and Digital Services in respect of the Audit Committee Annual Report 2018/19 (incorporating a self-assessment against the CIPFA 2018 practical guidance note).

Members of the Audit Committee were asked to review the report and self-assessment and subject to any amendments, endorse the Audit Committee Annual Report 2018/19.

Following consideration of the report, it was **RESOLVED** to:

1. Endorse the Audit Committee Annual Report 2018/19.
2. Receive progress updates during the new Municipal Year in respect of the proposals for improvement, as highlighted in the report.

#### **65 The Chairs closing remarks on the 2018/19 Municipal year reports**

The Chair wished to place on record his personal thanks to the Head of Internal Audit & Procurement Development Programmes as this would be the last time for him to present a report to the Audit Committee in his current capacity as the Council's Head of Internal Audit.

The Chair also wished to congratulate the Head of the Regional Audit Service on his new role, and welcomed him to the Committee. Members endorsed his comments.

#### **66 Internal Audit Charter 2019/20**

The Head of the Regional Audit Service presented the Internal Audit Charter 2019/20. Members were asked to consider the document and subject to any amendments, endorse the Internal Audit Charter 2019/20.

Following consideration of the report, it was **RESOLVED** to endorse the Internal Audit Charter 2019/20 as required by Attribute Standard 1000 of the Public Sector Internal Audit Standards.

#### **67 Draft Annual Audit Plan 2019/20**

The Head of the Regional Audit Service provided Members with a summary of the report and requested Members' comments on its adequacy.

The Head of the Regional Audit Service indicated that consideration will be given to how the four local authorities that comprise the new Regional Service operate with a view to considering where the existing good work can be built upon and further improved. The Head of the Regional Audit Service went on to indicate that where opportunities are identified, these will be discussed with Audit Committees as part of identifying the most appropriate way forward.

In response to a query concerning available resources, the Head of the Regional Audit Service confirmed that a new staffing structure and recruitment was a key priority for the service and that resources will be flexibly deployed to ensure the RCT Internal Audit Plan will be delivered during 2019/20.

Following consideration, it was **RESOLVED** to approve the Annual Audit Plan for 2019/20.

**This meeting closed at 6.45 pm**

**R Hull  
Chair.**