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| <b>AUDIT COMMITTEE</b><br><br><b>5<sup>th</sup> October 2020</b>  | <b>AGENDA ITEM NO. 5</b>                           |
| <b>REPORT OF THE DIRECTOR OF<br/>FINANCE AND DIGITAL SERVICES</b> | <b>AUDIT COMMITTEE<br/>DRAFT WORK PLAN 2020/21</b> |

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

**1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to set out a draft work plan for the 2020/21 Municipal Year to enable the Committee to effectively fulfil its Terms of Reference and meet the requirements of the Chartered institute of Public Finance and Accountancy (CIPFA) publication ‘Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition’.

**2. RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Consider the report and determine whether there are other areas / themes to incorporate within the work plan to aid the effective discharge of Audit Committee’s responsibilities.
- 2.2 Approve a work plan for delivery during the 2020/21 Municipal Year.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure Audit Committee has a balanced work plan alongside appropriate information and support to help enable the effective discharge of its responsibilities.

**4. BACKGROUND INFORMATION**

- 4.1 As Members will recall, the 15<sup>th</sup> July 2019 Audit Committee meeting provided an overview of its role, in line with its Terms of Reference and

the CIPFA publication 'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition'. The overview set out (amongst other things):

- The purpose of an Audit Committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes (and by overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place).
- Audit Committees are a key component of the Authority's governance framework, providing an independent and high-level resource to support good governance and strong public financial management.
- The Audit Committee should play a key role in supporting the discharge of those responsibilities by providing a high-level focus on audit, assurance and reporting.

4.2 To ensure the work of the Council's Audit Committee is in line with the above requirements, an annual work plan is compiled and published to set out the information to be reported to the Committee during the year.

## **5. DRAFT WORK PLAN 2020/21**

5.1 The draft Audit Committee Work Plan for 2020/21 is included at **Appendix 1** and sets out the Audit Committee's Terms of Reference together with a timetable for bringing reports and information updates before Committee for review and challenge.

5.2 The work plan will be kept under on-going review during the year and where further areas are identified (for example, referrals from Scrutiny Committees), these will be reported to Audit Committee for consideration and, if deemed appropriate, incorporation into the work plan.

## **6. EQUALITY AND DIVERSITY IMPLICATIONS**

6.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

## 7. **CONSULTATION**

- 7.1 There are no consultation implications as a result of the recommendations set out in the report.

## 8. **FINANCIAL IMPLICATION(S)**

- 8.1 There are no financial implications as a result of the recommendations set out in the report.

## 9. **LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 The Local Government (Wales) Measure 2011, Chapter 2 section 81 states:

### ***'Local authorities to appoint audit committees***

1. *A local authority must appoint a committee (an "audit committee") to:*
  - a. *review and scrutinise the authority's financial affairs,*
  - b. *make reports and recommendations in relation to the authority's financial affairs,*
  - c. *review and assess the risk management, internal control and corporate governance arrangements of the authority,*
  - d. *make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,*
  - e. *oversee the authority's internal and external audit arrangements, and*
  - f. *review the financial statements prepared by the authority.*
2. *A local authority may confer on its audit committee such other functions as the authority considers suitable to be exercised by such a committee.*
3. *It is for an audit committee to determine how to exercise its functions.*

- 9.2 The draft work plan for 2020/21 will support the Council's Audit Committee to meet the above legal requirements.

**10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

**THE COUNCIL'S CORPORATE PLAN PRIORITIES**

- 10.1 The work of the Council's Audit Committee aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020-2024 'Making a Difference', in particular 'Living Within Our Means' through ensuring that appropriate governance arrangements are in place to effectively manage resources.

**WELL-BEING OF FUTURE GENERATIONS ACT**

- 10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

**11. CONCLUSION**

- 11.1 The draft work plan set out at Appendix 1 of this report provides a plan for the 2020/21 Municipal Year to allow the Committee to manage and discharge its role in accordance with its Terms of Reference and the requirements of the CIPFA publication 'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition'.

**Other Information:-**

***Relevant Scrutiny Committee***  
**Not applicable.**

***Contact Officer*** – Paul Griffiths

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**5<sup>th</sup> October 2020**

**AUDIT COMMITTEE DRAFT WORK PLAN 2020/21**

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES**

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

Item: 5

**Background Papers**

None.

Officer to contact: Paul Griffiths.

**Appendix 1 – Audit Committee’s workplan linked to its Terms of Reference.**

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| <p><b>Statement of Purpose</b></p> <p>The Audit Committee is a key component of Rhondda Cynon Taf County Borough Council’s corporate governance. It provides independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.</p> <p>The purpose of the Audit Committee is to provide independent assurance to the Members of Rhondda Cynon Taf County Borough Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Rhondda Cynon Taf County Borough Council’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</p> |
| <p><b>Terms of Reference</b></p> <p>As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the Committee will assist the Authority in discharging its responsibility for ensuring financial probity, without taking any action which might prejudice it. The Committee will:-</p>  |

|   |  | 20/07/2020 | 28/09/2020 | 05/10/2020 | 02/11/2020 | 14/12/2020 | 01/02/2021 | 22/03/2021 | 26/04/2021 |
|---|--|------------|------------|------------|------------|------------|------------|------------|------------|
| A | At the first meeting of the Audit Committee following the Council’s Annual General Meeting the Audit Committee shall appoint the Chair of the Audit Committee (who cannot be a member who belongs to a group with Members in the Executive but can be a lay member) and appoint the Vice-Chair of the Audit Committee. |            | X          |            |            |            |            |            |            |

|   |   | 20/07/2020   | 28/09/2020 | 05/10/2020 | 02/11/2020   | 14/12/2020   | 01/02/2021                                     | 22/03/2021                          | 26/04/2021   |
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| B | To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. | X<br>Draft Annual Governance Statement (AGS) 2019/20 |            |            |  | X<br>Receive an update in respect of progress made to implement the proposals for improvement contained within the 2019/20 AGS |  |                                     | X<br>Draft AGS 2020/21   |
| C | Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct discussion with the auditor(s) on these.   |  |            |            | X<br>Audit Committee – Development and Support   | X<br>Strategic Risk Register Update  | X<br>Audit Committee – Development and Support | X<br>Strategic Risk Register Update |  |
| D | To review the assessment of fraud risks and potential harm to the Council from fraud and corruption and to monitor the counter-fraud strategy, actions and resources.   | X<br>Whistleblowing - Annual Report 2019/20          |            |            | X<br>Receive an overview of the National Fraud Initiative, along with an update on the work delivered by |  |  |                                     | X<br>Anti-Fraud, Bribery & Corruption - Annual Report 2020/21<br>X<br>Whistleblowing - Annual Report 2020/21 |

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|   |   |   |            |                                     | the Corporate Fraud Team |            |            |  |  |
| E | To review the governance and assurance arrangements for significant partnerships or collaborations.   |   |            |                                     |                          |            |            |  |  |
| F | To receive reports in relation to proposed changes to the Authority's Contract Procedure Rules and Financial Procedure Rules and where deemed appropriate, recommend their approval to Council  |   |            |                                     |                          |            |            | X<br>Procedure Rules Update            |  |
| G | To approve the Internal Audit Charter.  |   |            | X<br>Internal Audit Charter 2020/21 |                          |            |            | X<br>Internal Audit Charter 2021/22    |  |
| H | Review, approve and ensure the co-ordination of the Annual Internal Audit Plan for the coming financial year  | X<br>Interim Risk Based Internal Audit Plan 2020/21   |            |                                     |                          |            |            | X<br>Draft Internal Audit Plan 2021/22 |  |
| I | To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations and to consider any impairments to independence or objectivity arising from | X<br>Internal Audit End of Year Performance Report (incorporated into the Head of Internal Audit (HIA) Annual Report) 2019/20 |            |                                     |                          |            |            |  | X<br>Internal Audit End of Year Performance Report (incorporated into HIA Annual Report) 2020/21 |



|   |   | 20/07/2020                           | 28/09/2020 | 05/10/2020                    | 02/11/2020                    | 14/12/2020  | 01/02/2021                    | 22/03/2021                    | 26/04/2021  |
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|   | additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.             |                                      |            |                               |                               |   |                               |                               |   |
| J | To receive reports on the performance of the Internal Audit Service throughout the year particularly in relation to matters of financial probity and corporate governance             |                                      |            | X<br>Finalised<br>Assignments | X<br>Finalised<br>Assignments | X<br>Standard<br>Performance<br>Report<br>&<br>Finalised<br>Assignments | X<br>Finalised<br>Assignments | X<br>Finalised<br>Assignments | X<br>HIA<br>Annual Report<br>2020/21 (as<br>referred to in<br>item I) |
| K | To contribute to the Quality Assurance Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years. | As and when required                 |            |                               |                               |   |                               |                               |   |
| L | To provide free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.                | As and when required                 |            |                               |                               |   |                               |                               |   |
| M | To receive and consider the Head of Internal Audit's Annual Report and opinion on the level of assurance it can give  | X<br>HIA<br>Annual Report<br>2019/20 |            |                               |                               |   |                               |                               | X<br>HIA<br>Annual Report<br>2020/21 (as<br>referred to in            |

|   |   | 20/07/2020  | 28/09/2020 | 05/10/2020   | 02/11/2020   | 14/12/2020 | 01/02/2021  | 22/03/2021 | 26/04/2021 |
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|   | over the Authority's governance arrangements and associated internal control environment  |   |            |  |  |            |   |            | item l)    |
| N | Act as a point of arbitration, where senior officers of the Authority are unable to agree significant audit report recommendations  | As and when required  |            |  |  |            |   |            |            |
| O | To receive and consider reports of the External Auditor in relation to matters of financial probity and corporate governance and providing the opportunity for direct discussion with the auditor(s) on these | As and when relevant final reports are provided to the Council by its External Regulators these will be reported to Audit Committee. These reports will be provided to ensure that they can be used when forming an opinion at the end of the financial year in respect of the Council's overall governance arrangements. * The timing of these reports may be subject to change. |            |  |  |            |   |            |            |
|   |   | X<br>Audit Wales<br>Audit Plan for<br>2020/21   |            | X<br>Audit Wales<br>verbal update on<br>the progress of<br>the audit of the<br>Draft Statement of<br>Accounts for<br>2019/20 |  |            |   |            |            |
| P | Consider national reports, for example, from the Wales Audit Office, of relevance to the work of the Authority  | As and when required  |            |  |  |            |   |            |            |
| Q | Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs, and providing the opportunity for direct discussion with the auditor(s) on these                   |   |            |  | X<br>Receive an<br>overview of<br>the<br>governance<br>arrangements<br>in respect of a<br>core financial<br>system |            | X<br>Receive an<br>overview of the<br>governance<br>arrangements in<br>respect of a<br>core financial<br>system |            |            |

|   |   | 20/07/2020   | 28/09/2020 | 05/10/2020   | 02/11/2020 | 14/12/2020   | 01/02/2021 | 22/03/2021 | 26/04/2021  |
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| R | Review and comment on the Authority's certified draft financial statements before their approval by Council   | X<br>DRAFT<br>Statement of<br>Accounts<br>2019/20  |            |  |            |  |            |            |   |
| S | Oversee the Authority's audit arrangements (both internal and external)   | X<br>Audit<br>Committee<br>Annual Report,<br>incorporating a<br>self-<br>assessment<br>against the<br>CIPFA 2018<br>Practical<br>Guidance Note |            | X<br>Audit Committee<br>Draft Work Plan<br>2020/21 |            | X<br>Receive an<br>update in<br>respect of the<br>work of<br>Regional<br>Internal Audit<br>Service |            |            | X<br>Audit<br>Committee<br>Annual Report<br>(2020/21),<br>incorporating a<br>self-assessment<br>against the<br>CIPFA 2018<br>Practical<br>Guidance Note |
| T | Promote and review any measures designed to raise the profile of probity within the Authority   |  |            |  |            |  |            |            |   |
| U | Agree, where Committee Members deem it appropriate, that a matter arising from a written report to a Committee which requires further clarification may be either dealt with by a request for a written commentary from the appropriate Group Director, or by that Group Director or their senior representative, attending to answer questions in person on that specific matter. Alternatively, the Audit Committee can | As and when required   |            |  |            |  |            |            |   |

|   |   | 20/07/2020           | 28/09/2020 | 05/10/2020 | 02/11/2020 | 14/12/2020 | 01/02/2021 | 22/03/2021 | 26/04/2021 |
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|   | refer the matter to the relevant Scrutiny Committee.  |                      |            |            |            |            |            |            |            |
| V | The committee may require members and officers of the Authority to attend before it to answer questions. Such members and officers have a duty to comply but are not obliged to answer any questions that may be refused in court proceedings in England and Wales. The Committee may invite other persons to attend the meeting. | As and when required |            |            |            |            |            |            |            |