

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 Wednesday 7th May, 2014 at 5 p.m.

Present:

R.Hull – in the Chair

County Borough Councillors:

L M Adams	C Davies	M J Watts
(Mrs) J Bunnage	R Smith	D Weeks
(Mrs) A Calvert	B Stephens	

Officers in Attendance:

Mr P Griffiths – Service Director, Performance & Improvement
Mr M Crumbie – Operational Audit Manager
Mr C Jones – Service Director, Legal & Democratic Services

Wales Audit Office:

Mr J Herniman – Engagement Partner
Mr J Saunders – External Audit Manager

60. APOLOGIES FOR ABSENCE

Apologies for absence were received from County Borough Councillors (Mrs) M Griffiths, S Lloyd, K Montague E Webster, P Wasley

61. DECLARATIONS OF INTERESTS

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

- a. Mr R Hull – Agenda Item 10 – 'I am in receipt of a Local Government Pension'
- b. County Borough Councillor B Stephens – Agenda Item 10 – 'I am in receipt of a Local Government Pension'
- c. County Borough Councillor A Calvert – Agenda 10 – 'My husband is in receipt of a Local Government Pension'
- d. County Borough Councillor R Smith – Agenda Item 10 – 'I am in receipt of a Local Government Pension'
- e. County Borough Councillor L M Adams – Agenda Item 10 – 'I am a member of the Pension Fund'

62. MINUTES

RESOLVED – to approve as an accurate record, the minutes of the meeting of the Audit Committee held on the 31st March, 2014.

63 MATTERS ARISING

Minute 57(2) – The Operational Audit Manager confirmed that the Schools Management Team had never approved the practice of administering school trips through a personal bank account for members of staff, and also confirmed that the practice had ceased with immediate effect.

64 AN OVERVIEW OF GOVERNANCE & INTERNAL CONTROL

The Operational Audit Manager provided the Committee with an overview of Governance and Internal Control via a PowerPoint presentation.

The Operational Audit Manager continued by informing the Committee of the requirement for the publication of an Annual Governance Statement.

The Committee also received an overview of the Annual Governance Statement Working Group, as recommended by the Wales Audit Office, which assisted in compiling the draft Annual Governance Statement for 2013/14. The Committee were advised of the membership of the Working Group (consisting of a cross section of officers from all service groups of the Council and the Chair of the Overview and Scrutiny Committee) along with the Terms of Reference for the working group.

A copy of the presentation would be made available on the Council's website.

The Chairman thanked the officer for the presentation and the Committee **RESOLVED** to note its content.

REPORTS OF THE GROUP DIRECTOR, CORPORATE SERVICES

65 FINALISED AUDIT ASSIGNMENTS 2012/13

The Committee were presented with a summary of audit assignments completed between 15th March 2014 and 16th April, 2014. The report outlined a summary of the reviews undertaken and the audit opinions for each assignment. Members were reminded that the regular

provision of summarised audit assignments to the Committee throughout the year aim to assist Members in evaluating the effectiveness of Internal Audit work across all Council systems and services and enables Members to form an opinion on the overall control environment prior to the closure of accounts process for 2013/14.

The Committee considered the summarised audit assignments in respect of:-

- Oaklands Primary
- Treorchy Primary
- Ynysboeth Primary
- Housing Benefits
- Capital Accounting & Asset Register
- Key Measures – Supporting Measures
- Fleet Management.

Following consideration of the above mentioned reports, it was **RESOLVED** :-

- a) To Note the contents of the report.
- b) That the Operational Audit Manager confirms the rules and regulations regarding the appointment of a 'Secretary' to a School Private Fund.
- c) That the committee be provided with the details of the inappropriate expenditure incurred from Treorchy Primary School's Private Fund
- d) That the Operational Audit Manager clarifies the grading of Internal Audit reviews.

66 INTERNAL AUDIT ANNUAL REPORT 2013/14

The Committee were provided with the Internal Audit Annual report, together with a statement of assurance in respect of the internal control environment, based on the work undertaken by Internal Audit during 2013/14.

The Operational Audit Manager advised that the Public Sector Internal Audit Standards requires the production of an annual report to support the Annual Governance Statement and the Committee were provided with an outline of the requirements of the report. Following a brief overview of the contents of the report the Operational Audit Manager confirmed that, in his opinion, the overall system of internal control within the Council operated effectively during 2013/14.

Members of the Committee commented on the delivery of the 2013/14 Audit plan in respect of staff resources and the Operational Audit Manager confirmed that 2013/14 had been an exceptional year, in respect of unplanned work and this had been taken into account when compiling the 2014/15 audit plan. ..

On behalf of the Committee the Chairman thanked the Operational Audit Manager for the comprehensive annual report.

The Committee **RESOLVED** to note the contents of the report.

67 DRAFT ANNUAL GOVERNANCE STATEMENT 2013/14 – RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

The Operational Audit Manager provided Committee with an overview of the statutory requirement for an Annual Governance Statement for the Council for the financial year 2013/14. The officer confirmed that the Statement used the framework and principles contained within the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government'.

The Committee were informed that the Annual Governance Statement had been compiled, challenged and reviewed by the Annual Governance Statement Working Group and had also been subject to review by the Council's Section 151 officer. Following the provision of an overview of the Council's Annual Governance Statement, the Operational Audit Manager reported that overall, the governance arrangements within the Council for the financial year 2013/14 were considered to be robust.

The Chairman thanked the officer for the detailed report and provided some positive comments on its content. It was suggested that the 2014/15 Annual Governance Statement could be developed further by incorporating a specific section detailing how the Council had managed the significant governance issues identified within the 2013/14 Statement.

Mr J Herniman, WAO Engagement Partner, also gave his support to the suggestion of linking future reports to ensure consistency. The Engagement Partner also spoke of the WAO's pending publication of a 'good practice guide' document, which may assist officers in the future.

The Service Director, Performance & Improvement advised the Committee of the incorporation of the significant governance issues within the Council's priority plans. The Officer continued by advising that these plans would be presented on a quarterly basis to both Cabinet and Scrutiny Committee meetings and it was suggested that they also be brought before the Audit Committee.

Members **RESOLVED** to recommend the certification of the Annual Governance Statement by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's 2013/14 Statement of Accounts.

68 ANNUAL GOVERNANCE STATEMENT – LLWYDCOED CREMATORIUM 2013/14

The Committee were presented with the above mentioned report which provided Members with an overview and opinion on the governance arrangements in place at Llwydcoed Crematorium for the financial year 2013/14. The report concluded by advising Members that the overall governance arrangements at Llwydcoed Crematorium for the financial year 2013 /14 were considered to be satisfactory.

Following consideration of the draft, the Committee **RESOLVED** to recommend the certification of the draft Annual Governance Statement for Llwydcoed Crematorium 2013/14.

69 ANNUAL GOVERNANCE STATEMENT – CENTRAL SOUTH CONSORTIUM 2013/14.

The Operational Audit Manager referred Members to the report before them, which provided an overview and opinion on the governance arrangements in place at the Central South Consortium for the financial year 2013/14. Members were advised that the overall governance arrangements in place for the Consortium were considered to be satisfactory.

The Committee **RESOLVED** to recommend the certification of the draft Annual Governance Statement for Central South Consortium.

REPORTS OF THE WALES AUDIT OFFICE

70 ANNUAL FINANCIAL AUDIT OUTLINE: RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

The committee were presented with the above mentioned report by the Engagement Partner and it was explained that the financial audit outline had been prepared to meet the requirements of auditing standards and proper audit practices. The report provided the Council with an outline of the financial audit work required for the 2013/14 financial statements. The report also outlined the audit risks identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them.

The Engagement Partner advised that at the time of publishing the report, the Wales Audit Office were unable to provide an estimate of the fee for the audit work for 2013-14, but the Committee were advised that due to a number of changes in WAO fee scheme, a letter would be distributed in the next few weeks and it was advised that the overall fee would be a reduction on previous years.

The Engagement Partner concluded his report by advising of the timetable of WAO reports to be presented to the Council or the Audit Committee, throughout the Municipal Year.

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

71 FINANCIAL AUDIT OUTLINE: RHONDDA CYNON TAF PENSION FUND

The Engagement Partner outlined to Members his report which had been prepared to meet the requirement of audit standards and proper audit practices. It was explained that the report provides the Council with an outline of the financial work required for the 2013/ 14 pension fund accounts. The Committee were made aware of the main audit risks identified and proposed responses.

The report before Members also identified the key elements of the audit engagement and referred to the Council's obligation of publishing a Pension Fund Annual Report which must include the pension fund accounts.

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

72 URGENT ITEMS

The Chairman being of the opinion that the report of the Group Director, Corporate Services be included in accordance with the provision of Section 100(b)4(B) of the Local Government Act, 1972, as a matter of urgency by reason of special circumstances i.e. the need to provide Members with details of the Final Audit Plan 2014/15.

73 FINAL AUDIT PLAN 2014/15

The Operational Audit Manager provided Members with the final Audit Plan 2014/15, following an extensive consultation process including committee's consideration of the draft in March 2014. The Committee were advised that throughout 2014/15, regular reports would be provided to Members in relation to the delivery of the Audit Plan and in respect of Internal Audit's performance.

Following consideration of the matter, it was **RESOLVED** to note the contents of the report.

**MR.ROGER HULL
CHAIRMAN**

The meeting closed at 6.10 p.m.