



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2019/20**

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| <b>AUDIT COMMITTEE</b><br><b>17<sup>th</sup> December 2019</b>      | <b>AGENDA ITEM NO. 5</b>   |
| <b>REPORT OF THE DIRECTOR OF<br/>FINANCE &amp; DIGITAL SERVICES</b> | <b>2018/19 ANNUAL GOVERNANCE<br/>STATEMENT RECOMMENDATIONS<br/>– AN UPDATE</b> |

Author: Paul Griffiths (Service Director, Finance & Improvement Services)

**1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to provide Audit Committee with an update on the status of the recommendations that were made within the 2018/19 Annual Governance Statement.

**2. RECOMMENDATIONS**

It is recommended that Members review the information contained within the report and:

- 2.1 Seek clarity and explanation where there are areas of concern.
- 2.2 Form an opinion in respect of whether they are satisfied with the progress being made to implement the recommendations.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on the overall control environment in place across the Council.

**4. BACKGROUND**

- 4.1 The Council's Annual Governance Statement (AGS) relating to the 2018/19 financial year was reported to and approved by Audit Committee at its meeting held on [29th April 2019](#). The document described the governance arrangements in place, reviewed their effectiveness and where necessary provided recommendations for improvement.

- 4.2 In relation to monitoring the Council's overall governance arrangements, the Terms of Reference for Audit Committee states:

*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 (amongst other things):-*

Governance, risk and control

*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.*

- 4.3 In accordance with the Terms of Reference (Item C) and Workplan for Audit Committee, this report provides an update on the status of each recommendation. Appendix A provides details of each recommendation made along with a summary of the action being taken to progress their implementation.
- 4.4 As part of the review of the status of each recommendation, the Committee should seek assurance, in addition to its other lines of enquiry, around the adequacy of progress made to implement the recommendations to support robust governance arrangements.

## **5. EQUALITY AND DIVERSITY IMPLICATIONS**

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

## **6. CONSULTATION**

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

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

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

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

- 8.1 The Council's AGS has been compiled in accordance with the CIPFA / SOLACE 'Delivering Good Governance in Local Government: Framework 2016'.

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

**THE COUNCIL'S CORPORATE PLAN PRIORITIES**

- 9.1 Monitoring the status of the recommendations within the AGS aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources and demonstrate openness and accountability.

**WELL-BEING OF FUTURE GENERATIONS ACT**

- 9.2 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.

**10. CONCLUSION**

- 10.1 A summary of action taken to implement the recommendations contained within the 2018/19 AGS is provided at Appendix A.
- 10.2 The provision of the information contained within this report will assist Members when forming an opinion on the Council's overall governance arrangements for 2019/20.

**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**

**17<sup>th</sup> December 2019**

**2018/19 ANNUAL GOVERNANCE STATEMENT RECOMMENDATIONS – AN  
UPDATE**

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

Author: Paul Griffiths (Service Director, Finance & Improvement Services)

**Item: 5**

**Background Papers**

None.

Officer to contact: Paul Griffiths

**APPENDIX A – ANNUAL GOVERNANCE STATEMENT 2018/19 PROGRESS UPDATE**

| <b>Core Principle / Area</b>   | <b>Issue Identified</b>   | <b>Recommendation</b>  | <b>Responsible Officer &amp; Timescale</b>               | <b>Update</b>  |
|--|---|--|--|--|
| <p><b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> | <p>The staff survey identified the need for further work to be undertaken across the Council to raise awareness of whistleblowing and anti-fraud arrangements and provide staff with reassurance that they can report issues without repercussions.</p> | <p>Using the staff survey results (around whistleblowing and anti-fraud, bribery and corruption), deliver a targeted programme of awareness raising to service areas identified as requiring support and advice.</p> | <p>Head of Employee Relations<br/><br/>November 2019</p> | <p>The results of the staff survey that was issued in 2018 have been re-reviewed and from that data it is concluded that there are ‘no pockets’ of areas where awareness was low. The data indicates a general lack of awareness, rather than service specific. In order to address this, the following action has been taken:</p> <ul style="list-style-type: none"> <li>• The Whistleblowing Policy is being highlighted in both the staff and manager induction processes.</li> <li>• A payslip insert has been designed and is scheduled to be issued to all staff in December 2019.</li> <li>• New posters have been printed and are being circulated to service areas, so they can be</li> </ul> |

| Core Principle / Area                             | Issue Identified   | Recommendation   | Responsible Officer & Timescale  | Update   |
|---|--|--|--|--|
|   | <p>Comments, compliments and complaints (non-social services) – no overall update is reported for review and challenge by the relevant Scrutiny Committee as part of supporting service planning and improvement.</p> <p>Work commenced in 2018/19 – to be carried forward into 2019/20.</p> | <p>Non-social services comments, compliments and complaints - annual reporting arrangements should be put in place to report details to the relevant scrutiny committee of non-social services comments, compliments and complaints received (with the first report covering the period April 2018 to March 2019).</p> | <p>Service Director – ICT and Digital Services</p> <p>October 2019</p> | <p>put on notice boards across the Council.</p> <ul style="list-style-type: none"> <li>Produced a targeted ‘fraud awareness’ training plan for employees (including elected members).</li> </ul> <p>An annual report covering 2018/19 was presented to the Overview and Scrutiny Committee on <a href="#">3rd September 2019</a> with the proposal that bi-annual reports are also made available to that Committee going forward. This is in line with the requirements of the Complaints Standards Authority.</p> <p>This approach will be applied for the 2019/20 financial year.</p> |
| <p><b>Ensuring openness and comprehensive</b></p> | <p>Whilst the focus within scrutiny committee work programmes is improving, a wide range</p>   | <p>As part of developing scrutiny work programmes for 2019/20:</p>   | <p>Service Director – Democratic Services and Communications</p>       | <p>Following the Council AGM, new Terms of Reference have been introduced and more focused six monthly work programming has</p>  |

| Core Principle / Area   | Issue Identified  | Recommendation  | Responsible Officer & Timescale   | Update  |
|---|---|---|---|---|
| <b>stakeholder engagement</b>   | of topics are included that can impact on the capacity of Committees / Working Groups to review all areas in detail and thereafter assess the extent that Terms of Reference are being delivered.                                       | <ul style="list-style-type: none"> <li>• More focus should be given to streamlining areas / themes for review to allow for a more outcome based style of reporting; and</li> <li>• More clearly link Committees' Terms of Reference to reports / areas to be scrutinised (with consideration being given for this to be undertaken as a pilot exercise initially).</li> </ul> | September 2019  | been piloted. Now in its second phase of planning, the changes are already providing the opportunity for greater challenge and scrutiny, while providing the opportunity for each committees to become more responsive to other business, such as pre-scrutiny of key decisions.  |
| <b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b> | Although performance indicator targets are reviewed as part of the wider pre-scrutiny of Corporate Plan action plans, no in depth work is undertaken on specific targets to better inform Scrutiny Committees in fulfilling their role. | In addition to the pre-scrutiny of Corporate Plan action plans, coordinate the delivery of a more in depth review of specific targets by Scrutiny Committee(s) as part of effectively scrutinising the Council's performance.   | Service Director – Finance and Improvement Services<br><br>September 2019 | An analysis of 2019/20 targets was presented to the Finance and Performance Scrutiny Committee on <a href="#">23rd July 2019</a> and updates have subsequently been included within quarterly Performance Reports during the year (presented to both Cabinet and the Finance and Performance Scrutiny Committee). More in depth reviews of specific targets to be considered as part of the |

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|  |   |  |  | introduction of the new Corporate Plan from April 2020.   |
| <p><b>Developing the entity's capacity, including the capability of its leadership and individuals within it</b></p> | <p>Elected Members - refresh the programme of training available to continue to effectively support elected Members in the discharge of their responsibilities.</p> | <p>Build on the programme of training and support in place for elected Members to ensure other key themes are delivered / refreshed (for example, Code of Conduct refresher training, overview of the Council's budgets / finance training).</p> | <p>Service Director – Democratic Services and Communications</p> <p>From July 2019</p> | <p>An on-going programme of elected Member training and development is in place – this includes:</p> <ul style="list-style-type: none"> <li>• In advance of preparations for the 2020/21 budget, members have been provided with a number of additional opportunities to receive training and information in respect of the Council's finances. This has included all member sessions as part of full Council and specific sessions for the Finance &amp; Performance Scrutiny Committee, where all members were invited to attend (these sessions are also planned to be rolled out to other scrutiny committees in quarter 4 of the 2019/20 financial year).</li> </ul> |



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|   |  |   |   | <ul style="list-style-type: none"> <li>• Refresher Code of Conduct training is scheduled for 2020.</li> </ul> <p>The variety of training opportunities has also be developed in recent months, particularly to support members' scrutiny role.</p>  |
| <p><b>Managing risks and performance through robust internal control and strong public financial management</b></p> | <p>Although the review of the Council's Financial Procedure Rules has commenced, the exercise has not yet been completed.</p> <p>Work commenced in 2018/19 – to be carried forward into 2019/20.</p> | <p>Complete the update process of the Financial Procedure Rules and report to the relevant Committee(s) for review and if deemed appropriate, approval (with an approved version incorporated into the Council's Constitution).</p> | <p>Head of Procurement Delivery</p> <p>October 2019</p> | <p>A review of the Council's Financial Procedure Rules has been completed and identified that no fundamental changes were required. There are a number of minor updates and house-keeping updates required, and these will be progressed during quarter 4 in readiness for presentation to the Council's AGM in May 2020.</p> |

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