

APPENDIX 1 – ANNUAL REPORT 2019/20

**Rhondda Cynon Taf County
Borough Council**

Audit Committee

Annual Report 2019/20

1. **INTRODUCTION**

- 1.1 A key component of good governance for all organisations is to have in place an Audit Committee. The Council's Audit Committee is in place and its Terms of Reference incorporates the requirements of the Local Government Measure 2011, as follows:

Chapter 2, section 81 of the Local Government (Wales) Measure 2011

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.*

- 1.2 The purpose of Rhondda Cynon Taf County Borough Council's Audit Committee is set out with its Terms of Reference as follows (updated Terms of Reference agreed by full Council on 15th May 2019):

Statement of Purpose

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.

Terms of Reference

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.

- 1.3 In order to discharge the responsibilities placed upon us, a detailed work-plan is compiled for each Municipal Year. For 2019/20, I worked with the Council's

Service Director – Finance and Improvement Services and Head of the Regional Audit Service to compile a work-plan that I felt could help us to discharge our responsibilities as members of the Audit Committee.

- 1.4 As part of this process, I considered it a fundamental requirement for the Committee to continue to focus its attention on core functions:
- Reviewing the draft financial statements and monitor management action in response to the issues raised by external audit;
 - Scrutinising and be satisfied with the Council’s Annual Government Statement, to demonstrate how governance supports the achievement of objectives, and monitor management action in-year to further improve arrangements;
 - Monitoring the Council’s internal audit function in terms of overseeing independence, objectivity, performance and professionalism, through the regular reporting of performance and finalised audit assignments;
 - Considering the effectiveness of the authority’s risk management arrangements; and
 - Considering reports and recommendations of external audit in respect of the Council.
- 1.5 In addition to this, I was keen to continue the approach developed in 2018/19 of reporting specific ‘topics’ and ‘learning and development’ areas to the Committee to help further expand the Committee’s knowledge and understanding, and support the effective discharge of its Terms of Reference.
- 1.6 Section 2 of this report summarises the work that we have delivered during 2019/20 and Section 3 presents the outcome of the self-assessment against the ‘CIPFA Practical Guidance for Local Authorities & Police 2018 Edition’.

2. WORK DELIVERED IN 2019/20

- 2.1 The CIPFA Practical Guidance for Local Authorities & Police 2018 Edition identifies ‘Core Functions’ of an Audit Committee along with what it refers to as possible ‘wider functions’ of an Audit Committee.
- 2.2 The Core Functions are set out below (capital and bold text headers) and the work that we have delivered in support of these core functions is summarised under each.
- 2.3 As Audit Committee members will be aware, from the 1st April 2019 the Council’s Internal Audit Service transferred to a regional Internal Audit Service, led by the Vale of Glamorgan Council and comprising four local authorities: Bridgend County Borough Council, Merthyr Tydfil County Borough Council, Rhondda Cynon Taf County Borough Council and Vale of Glamorgan Council. I am pleased to report that the first year of the new service has seen the delivery of an effective, independent and professional service within Rhondda Cynon Taf, and its work has played a key part in informing this Audit Committee Annual Report for 2019/20.

2.4 BE SATISFIED THAT THE AUTHORITY'S ASSURANCE STATEMENTS, INCLUDING THE ANNUAL GOVERNANCE STATEMENT, PROPERLY REFLECT THE RISK ENVIRONMENT AND ANY ACTIONS REQUIRED TO IMPROVE IT, AND DEMONSTRATE HOW GOVERNANCE SUPPORTS THE ACHIEVEMENT OF THE AUTHORITY'S OBJECTIVES

- 2.4.1 Legislation requires the Council to prepare an Annual Governance Statement (AGS). The Draft AGS 2018/19 was presented to Audit Committee at our meeting held on [29th April 2019](#) and described the governance arrangements in place, challenged their effectiveness and set out proposals for improvement. Following receipt of the report, we resolved to *'Recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's draft 2018/19 Statement of Accounts'*.
- 2.4.2 During the year the Committee monitored the extent of progress made by the Council to implement the agreed proposals for improvement set out within the AGS, with this update being reported to Audit Committee on [17th December 2019](#). The information enabled the Committee to consider each proposal for improvement alongside a summary of the action taken to progress each and, following consideration of the report, we resolved *that 'the progress made to implement the recommendations was satisfactory'*.
- 2.4.3 The draft AGS for 2019/20¹ is scheduled to be presented to the 20th July 2020 Audit Committee and I have requested that Officers provide a further update on the status of the proposals for improvement referred to in paragraph 2.4.2 as part of this update.
- 2.4.4 Turning back to the 29th April 2019 Committee meeting, we also scrutinised and agreed a Local Code of Corporate Governance. This document is now part of the [Governance](#) section on the Council's website that comprises a suite of information to support the Council's commitment to the highest standards of corporate governance.

2.5 IN RELATION TO THE AUTHORITY'S INTERNAL AUDIT FUNCTIONS:

- **OVERSEE ITS INDEPENDENCE, OBJECTIVITY, PERFORMANCE AND PROFESSIONALISM**
- **SUPPORT THE EFFECTIVENESS OF THE INTERNAL AUDIT PROCESS**
- **PROMOTE THE EFFECTIVE USE OF INTERNAL AUDIT WITHIN THE ASSURANCE FRAMEWORK**

- 2.5.1 A key part of our role is to support the Council's Internal Audit Service to remain independent, assess whether it has adequate resources available to it and to monitor the performance and quality of work delivered throughout the year.

¹ Draft AGS for 2019/20 – original scheduled to be presented to the April 2020 Audit Committee. However, this meeting was cancelled due to COVID-19.

- 2.5.2 We received the following key reports from Internal Audit during 2019/20.
- 2.5.3 The **Internal Audit Charter** is a formal document that establishes the Internal Audit Service's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Board (i.e. the Council's Audit Committee). This document provided us with the information we required in order to assess the independence of the Internal Audit Service and we approved the Internal Audit Charter 2019/20 at our meeting held on [25th March 2019](#).
- 2.5.4 The **Draft Annual Audit Plan 2019/20** was presented to and approved by the Committee on the [25th March 2019](#). The Head of the Regional Internal Audit Service outlined the resources available to the Service and set out how they had been allocated on a prioritised basis to enable an independent opinion to be made on the standard of internal control across the Council at year-end.
- 2.5.5 During the year, Audit Committee regularly reviewed the performance of the Internal Audit Service through an 'Internal Audit Performance Report' agenda item. Each Performance Report update provided the Committee with a position statement of progress against the Annual Audit Plan and also on the status of internal audit recommendations reported i.e. either 'implemented', 'overdue / outstanding' or where the target date for implementation was in the future. It is positive to note that on the small number of occasions where recommendations were 'overdue / outstanding' at the due date, further to Internal Audit contacting the respective services, confirmation was provided to Audit Committee that all such recommendations had been implemented.
- 2.5.6 As part of supporting the on-going learning and development of Audit Committee, an overview of the role of Internal Audit was presented to the Committee on the 5th November 2019 alongside a mid-year update on the Regional Internal Audit Shared Service. The Committee proactively engaged in the update and requested that good practice identified be taken account of as part of informing the on-going development of the Committee, for example, the level of information reported to Audit Committee.

2.6 MONITOR THE EFFECTIVENESS OF THE CONTROL ENVIRONMENT, INCLUDING ARRANGEMENTS FOR ENSURING VALUE FOR MONEY, SUPPORTING STANDARDS AND ETHICS AND FOR MANAGING THE AUTHORITY'S EXPOSURE TO THE RISKS OF FRAUD AND CORRUPTION

- 2.6.1 The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting us when evaluating the effectiveness of Internal Audit's work across all Council systems and services. It also enables us to form an opinion on the overall control environment of the Council at the end of the financial year.
- 2.6.2 A small number of areas concluded that the standard of internal control / governance arrangements were insufficient and required improvement and, on such occasions, I consider that the Committee debated the issues in detail and

collectively recommended actions that were appropriate and in accordance with our Terms of Reference, for example, follow-up reviews built into the Annual Audit Plan and written updates provided to all Committee members on specific matters where further assurance / clarification was deemed necessary.

2.6.3 **The Internal Audit Annual Report for 2019/20**, subject to approval by Audit Committee on 20th July 2020, concludes that:

*Taking into account the results of the internal audit reviews completed during 2019/20, the recommendations made and considering other sources of assurance the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for 2019/20 is **'Effective with a small number of areas identified for improvement'**. No significant cross-cutting control issues have been identified that would impact on the Council's overall control environment and the weaknesses identified are service specific.*

2.6.4 In addition, at the 17th December 2019 Audit Committee meeting, the Council's Service Director – Pensions, Procurement and Transactional Services provided an overview of the National Fraud Initiative, along with an update on the work delivered by the Corporate Fraud Team. This update provided assurance on the Council's arrangements to tackle potential fraud and covered the internal control environment that supports this area.

2.7 CONSIDER THE EFFECTIVENESS OF THE AUTHORITY'S RISK MANAGEMENT ARRANGEMENTS AND THE CONTROL ENVIRONMENT, REVIEWING THE RISK PROFILE OF THE ORGANISATION AND ASSURANCES THAT ACTION IS BEING TAKEN ON RISK-RELATED ISSUES, INCLUDING PARTNERSHIPS AND COLLABORATIONS WITH OTHER ORGANISATIONS

2.7.1 The work-plan for 2019/20 built on the work undertaken in the previous year and continued to widen the coverage of governance and risk management through the following updates to Audit Committee:

- An overview of the governance arrangements in respect of a core financial system (General Ledger), delivered by the Head of Finance – Education and Financial Reporting. The aim of the update was to support the Committee's understanding of this area when considering the finalised audit report on the General Ledger (as included in the Audit Plan 2019/20); and
- Arrangements in place for managing corporate risks - providing an overview of arrangements and proposals for improvement. It is positive that the Committee endorsed the proposals for improvement that will include, amongst other things, specific strategic risk register updates being reported to Audit Committee during the forthcoming year to enable Members to have better visibility on the strategic risks facing the Council and the arrangements in place to manage these.

2.8 REVIEW THE FINANCIAL STATEMENTS, EXTERNAL AUDITOR'S OPINION AND REPORTS TO MEMBERS, AND MONITOR MANAGEMENT ACTION IN RESPONSE TO THE ISSUES RAISED BY EXTERNAL AUDIT

- 2.8.1 At our meeting on [10th June 2019](#) , the Head of Finance – Education and Financial Reporting provided an overview of accounting policies and critical judgements applied in preparing the draft Statement of Accounts. At the same meeting, the Head of Finance presented the draft Statement of Accounts for 2018/19² to Committee and Members were able to use the overview provided earlier in the meeting to help inform their consideration of the draft Statement of Accounts. We resolved 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 and Annual Return.
- 2.8.2 At the 15th July 2019 Audit Committee meeting the Wales Audit Office provided a verbal update on the progress on the audit of the draft Statements of Account for 2018/19 and indicated that a final position on the audit of the statements of account would be presented to full Council on 31st July 2019. As Members will be aware, the Wales Audit Office issued unqualified auditor's reports (i.e. clean bills of health) on the Council's and the Rhondda Cynon Taf Pension Fund Statements of Account for 2018/19.
- 2.8.3 Following the completion of the external audit of the 2018/19 Statement of Accounts, the Wales Audit Office reported the Management Letter for 2018/19 to the 16th September 2019 Audit Committee meeting. This document set out recommendations for the Council's management to address, identified as part of the 2018/19 external audit of the statements of account, and also detailed the corrections made to the draft statement of accounts as part of the audit process. With specific regard to recommendations for the Council's Management to progress, we were satisfied with Management's responses to recommendations reported and the timescales for implementation, and Audit Committee acknowledged the update.

2.9 CONSIDER THE REPORTS AND RECOMMENDATIONS OF EXTERNAL AUDIT AND INSPECTION AGENCIES AND THEIR IMPLICATIONS FOR GOVERNANCE, RISK MANAGEMENT OR CONTROL

- 2.9.1 As part of the on-going learning and development of Audit Committee members, the Wales Audit Office delivered a presentation covering an overview of the Auditor General for Wales and the Wales Audit Office. The presentation covered External Audit's assessment functions, the responsibilities in relation to the Well-being of Future Generations (Wales) Act 2015, the 2019 Work

² Draft Statement of Accounts 2018/19 reported to Audit Committee on 10th June 2019 – the draft Statements of Account presented were in respect of the Council, Rhondda Cynon Taf Pension Fund and Central South Consortium Joint Education Service Joint Committee, and the certified annual return for Llwydcoed Crematorium Joint Committee.

Programme and examples of recent reports for Members to access, should we wish to do so.

- 2.9.2 At the 3rd February 2020 Audit Committee meeting, we received an update on the progress made to date by the Council to implement the proposals for improvement reported by the Wales Audit Office, as set out in its Annual Improvement Report. A link to the 3rd February 2020 Audit Committee report can be access [here](#). We determined that there were no matters of a governance, internal control or risk management nature that require further action or attention by Audit Committee nor any matters at this stage to be referred to the Council's scrutiny committees.
- 2.9.3 At the same meeting, we also considered the Wales Audit Office project brief 'Rhondda Cynon Taf Council – Audit Committee Support and Development', and look forward to working with the Wales Audit Office as part of this project to identify opportunities to further improve the effectiveness of the Council's Audit Committee.
- 2.9.4 With regard to possible wider functions of an audit committee, as set out within the 'Practical Guidance for Local Authorities and Police 2018 edition', this covers, for example, considering governance, risk or control matters at the request of other committees and reviewing and monitoring treasury management arrangements.
- 2.9.5 The Committee will be aware that we received an overview of the Council's treasury management arrangements in 2018/19 and noted the role the Council's Finance and Performance Scrutiny plays in overseeing this area at this time; it was therefore considered not an effective use of Audit Committee's time to receive a further overview in 2019/20.
- 2.9.6 The Committee will also be aware that we keep under on-going review the option of referring matters to other scrutiny committees, for example, where specific service performance is deemed to warrant further consideration, and also welcome referrals from other committees to look at matters of a governance, risk or control nature. This approach was applied in 2019/20 and will continue into 2020/21.

3. SELF-ASSESSMENT AGAINST THE CIPFA PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES & POLICE 2018 EDITION

- 3.1 I have completed the self-assessment checklist, in consultation with the Service Director – Finance and Improvement Services, the outcome of which is summarised in **Appendix 1A**. I consider that the Council’s Audit Committee has built on the first self-assessment completed for 2018/19 and its approach and work delivered during 2019/20 addresses the majority of good practice questions, as included within the checklist.
- 3.2 The self-assessment has identified a small number of proposals for improvement, as set out in Table 1, that are primarily a continuation of areas that were identified during 2018/19 and reflect the on-going nature of the work. I have, for ease of reference, also shown the 2018/19 self-assessment position in Table 1.

Table 1 – 2019/20 Self-Assessment Proposals for Improvement

| | | 2018/19 Self-Assessment | | | | 2019/20 Self-Assessment | | | |
|---|---|-------------------------|--------|----|--|-------------------------|--------|----|---|
| | | Yes | Partly | No | Response & Proposal for Improvement | Yes | Partly | No | Progress made since 2018/19 and 2019/20 Proposal for Improvement |
| 7 | <p><u>FUNCTIONS OF THE COMMITTEE</u></p> <p><u>Good practice question</u> Does the Committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement?</p> <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships | | ✓ | | Overall, the responsibilities that are set out within our current Terms of Reference are consistent with the Position Statement issued by CIPFA. However, the level of detail between the two documents differs. | ✓ | | | <p>Terms of Reference updated, approved by full Council on 15th May 2019, incorporated into the Council’s Constitution and a verbal progress update provided to Audit Committee on 10th June 2019.</p> <p>No further proposals for improvement identified based on the 2019/20 self-assessment.</p> |

| | | 2018/19 Self-Assessment | | | | 2019/20 Self-Assessment | | | |
|--|--|-------------------------|--------|----|--|-------------------------|--------|----|--|
| | | Yes | Partly | No | Response & Proposal for Improvement | Yes | Partly | No | Progress made since 2018/19 and 2019/20 Proposal for Improvement |
| | and collaboration arrangements <ul style="list-style-type: none"> • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework | | | | The suggested Terms of Reference provided at Appendix B of the Guidance document splits out specific areas into more detail. <u>RECOMMENDATION:</u> Whilst the current Terms of Reference is compliant with the responsibilities placed upon the Committee, it is recommended that the level of detail as set out within the Guidance is replicated into the Terms of Reference for Audit Committee. | | | | |

| | | 2018/19 Self-Assessment | | | | 2019/20 Self-Assessment | | | |
|------|---|-------------------------|--------|----|---|-------------------------|--------|----|---|
| | | Yes | Partly | No | Response & Proposal for Improvement | Yes | Partly | No | Progress made since 2018/19 and 2019/20 Proposal for Improvement |
| 12b. | <p><u>MEMBERSHIP AND SUPPORT</u></p> <p><u>Good practice question</u> Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> • an appropriate mix of knowledge and skills among the membership | | ✓ | | <p>The level of debate at Audit Committee broadly supports a conclusion that Members have a good understanding of their role on this Committee. However, a formal skills assessment has not been completed that supports this conclusion.</p> <p>RECOMMENDATION: An assessment of the mix of skills for all Members will be undertaken. If required, the outcome of this will be utilised to put in place appropriate training and development opportunities for relevant Members.</p> | | ✓ | | <p>Learning and development has continued during 2019/20 in line with the Committee's terms of reference and agreed work-plan for the year. This has been supported through Members having a broad range of knowledge and experience overall (e.g. specific Members having scrutiny committee responsibilities) that has complemented the work of Audit Committee during the year.</p> <p>Work also commenced to compile an approach to enable the knowledge and skills of the Committee to be assessed, as referenced at the 3rd February 2020 Audit Committee, and will be shared with the Committee in 2020/21. Thereafter, the assessment process will commence and will be progressed in parallel with the Wales Audit Office Project – Rhondda Cynon</p> |

| | | 2018/19 Self-Assessment | | | | 2019/20 Self-Assessment | | | |
|----|--|-------------------------|--------|----|---|-------------------------|--------|----|---|
| | | Yes | Partly | No | Response & Proposal for Improvement | Yes | Partly | No | Progress made since 2018/19 and 2019/20 Proposal for Improvement |
| | | | | | | | | | <p>Taf Audit Committee Support and Development.</p> <p><u>Proposals for Improvement</u></p> <ul style="list-style-type: none"> • Complete the skills assessment for Members of Audit Committee; and • Agree a refreshed programme of learning and development (informed by the skills assessment exercise) and incorporate into the Audit Committee annual work-plan. |
| 16 | <p><u>MEMBERSHIP AND SUPPORT</u></p> <p><u>Good practice question</u> Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p> | | | ✓ | <p>A formal assessment against the skills framework contained within the CIPFA Practical Guidance document has not been completed.</p> <p>RECOMMENDATION Undertake an assessment against the core knowledge and skills framework for each Member of the Audit Committee.</p> | | | ✓ | As noted for 12b above. |

| | | 2018/19 Self-Assessment | | | | 2019/20 Self-Assessment | | | |
|----|---|-------------------------|--------|----|---|-------------------------|--------|----|---|
| | | Yes | Partly | No | Response & Proposal for Improvement | Yes | Partly | No | Progress made since 2018/19 and 2019/20 Proposal for Improvement |
| 19 | <p><u>MEMBERSHIP AND SUPPORT</u></p> <p><u>Good practice question</u> Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?</p> | | | ✓ | <p>RECOMMENDATION: As part of incorporating the Audit Committee Annual Report into the Annual Governance Statement, opportunity will be available for feedback to be received from full Council and the Wales Audit Office.</p> | ✓ | | | <p>Audit Committee agreed its first Annual Report at its meeting on 25th March 2019 and covered the 2018/19 municipal year, and this document was used as part of assessing the Council's governance arrangements for this period (as set out in the 2018/19 Annual Governance Statement - AGS). Both the Annual Report and AGS were reported to full Council for review: the former on the 15th May 2019 and the latter as part of the Council's Statement of Accounts on 31st July 2019. In addition, plans are in place for the Audit Committee Annual Report 2019/20 (subject to Audit Committee approval) to be reported to full Council in September 2020.</p> <p>During the forthcoming year, Audit Committee members and Council officers will engage in the work to be undertaken by the Wales Audit Office (as part of the project</p> |

| | | 2018/19 Self-Assessment | | | | 2019/20 Self-Assessment | | | |
|----|--|-------------------------|--------|----|--|-------------------------|--------|----|--|
| | | Yes | Partly | No | Response & Proposal for Improvement | Yes | Partly | No | Progress made since 2018/19 and 2019/20 Proposal for Improvement |
| | | | | | | | | | Rhondda Cynon Taf Audit Committee Support and Development) to support continuous improvement in the operation of the Committee. |
| 23 | <p><u>EFFECTIVENESS OF THE COMMITTEE</u></p> <p><u>Good practice question</u> Has the committee evaluated whether and how it is adding value to the organisation?</p> | | ✓ | | Some work demonstrates the impact of the Committee's work e.g. approving and monitoring 'follow-up reviews' that show improvement in the standards of internal control. Further work is however required to broaden this and explore the impact / value added of the Committee's work. | | ✓ | | <p>The Committee has undertaken specific work, in line with its Terms of Reference, to add value to the operations of the Council – for example:</p> <ul style="list-style-type: none"> • Reviewing and approving a local code of corporate governance; • Reviewing and challenging the AGS; and • Monitoring the implementation of recommendations made by the Wales Audit Office (from an internal control perspective). <p><u>Proposal for Improvement</u></p> <ul style="list-style-type: none"> • Using one area of the Audit Committee's Terms of Reference, pilot an approach to evaluating the impact of its |

| | | 2018/19 Self-Assessment | | | | 2019/20 Self-Assessment | | | |
|--|--|-------------------------|--------|----|-------------------------------------|-------------------------|--------|----|---|
| | | Yes | Partly | No | Response & Proposal for Improvement | Yes | Partly | No | Progress made since 2018/19 and 2019/20 Proposal for Improvement |
| | | | | | | | | | work (with the aim of learning lessons and developing an approach to evaluate other areas of the Committee's work). |

- 3.3 Subject to agreeing an Annual Report for 2019/20, the proposals for improvement (as per Table 1) will form the basis of an action plan that will be led and managed by Audit Committee during 2020/21.
- 3.4 The action plan will be a living document and will take into account other areas for development already identified, for example, considering the range and level of information reported to Audit Committee (and taking into account good practice identified across the regional service), risk management updates and actions required to support compliance with the new Local Government and Election (Wales) Bill (when enacted). In addition, agreed recommendations following completion of the Wales Audit Office project 'Rhondda Cynon Taf Audit Committee - Support and Development' will be incorporated into the Action Plan to ensure there is a single coordinated programme of improvement actions.

4. **CONCLUSIONS**

- 4.1 Our work-plan for this financial year has been balanced and has continued to build on the change in approach introduced in 2018/19 of broadening the items or topics reported to Audit Committee. In addition to this, a range of Officers have attended the Committee and this has continued to help us to deliver our Terms of Reference.
- 4.2 I believe that we have discharged the responsibilities placed upon us and the proposals for improvement that have arisen from the self-assessment will help further improve our arrangements and effectiveness.
- 4.3 Finally, I would like to place on record my appreciation to all Members of the Audit Committee for their work and support during 2019/20.

Appendix 1A - Self-assessment of good practice

| Good practice questions | | 2018/19 Self-Assessment | | | 2019/20 Self-Assessment | | |
|---|---|-------------------------|--------|----|-------------------------|--------|----|
| | | Yes | Partly | No | Yes | Partly | No |
| Audit committee purpose and governance | | | | | | | |
| 1 | Does the authority have a dedicated audit committee? | ✓ | | | ✓ | | |
| 2 | Does the audit committee report directly to Full Council? | ✓ | | | ✓ | | |
| 3 | Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement? | ✓ | | | ✓ | | |
| 4 | Is the role and purpose of the audit committee understood and accepted across the authority? | ✓ | | | ✓ | | |
| 5 | Does the audit committee provide support to the authority in meeting the requirements of good governance? | ✓ | | | ✓ | | |
| 6 | Are the arrangements to hold the committee to account for its performance operating satisfactorily? | ✓ | | | ✓ | | |
| Functions of the committee | | | | | | | |
| 7 | <p>Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</p> <ul style="list-style-type: none"> • good governance • assurance framework, including partnerships and collaboration arrangements • internal audit • external audit • financial reporting • risk management • value for money or best value • counter fraud and corruption • supporting the ethical framework | | ✓ | | ✓ | | |

| Good practice questions | | 2018/19 Self-Assessment | | | 2019/20 Self-Assessment | | |
|-------------------------------|---|-------------------------|--------|----|-------------------------|--------|----|
| | | Yes | Partly | No | Yes | Partly | No |
| 8 | Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas? | ✓ | | | ✓ | | |
| 9 | Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them? | ✓ | | | ✓ | | |
| 10 | Where coverage of core areas has been found to be limited, are plans in place to address this? | N/A | | | N/A | | |
| 11 | Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose? | ✓ | | | ✓ | | |
| Membership and support | | | | | | | |
| 12 | Has an effective audit committee structure and composition of the committee been selected? This should include: | | | | | | |
| a. | separation from the executive | ✓ | | | ✓ | | |
| b. | an appropriate mix of knowledge and skills among the membership | | ✓ | | | ✓ | |
| c. | a size of committee that is not unwieldy | ✓ | | | ✓ | | |
| d. | consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) | ✓ | | | ✓ | | |
| 13 | Have independent members appointed to the committee been recruited in an open and transparent way and approved by the Full Council? | ✓ | | | ✓ | | |
| 14 | Does the chair of the committee have appropriate knowledge and skills? | ✓ | | | ✓ | | |
| 15 | Are arrangements in place to support the committee with briefings and training? | ✓ | | | ✓ | | |
| 16 | Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory? | | | ✓ | | | ✓ |
| 17 | Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Finance Officer? | ✓ | | | ✓ | | |
| 18 | Is adequate secretariat and administrative support to the committee provided? | ✓ | | | ✓ | | |

| Good practice questions | | 2018/19 Self-Assessment | | | 2019/20 Self-Assessment | | |
|---------------------------------------|--|-------------------------|--------|----|-------------------------|--------|----|
| | | Yes | Partly | No | Yes | Partly | No |
| Effectiveness of the committee | | | | | | | |
| 19 | Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? | | | ✓ | ✓ | | |
| 20 | Are meetings effective with a good level of discussion and engagement from all the members? | ✓ | | | ✓ | | |
| 21 | Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers? | ✓ | | | ✓ | | |
| 22 | Does the committee make recommendations for the improvement of governance, risk and control and are these acted on? | ✓ | | | ✓ | | |
| 23 | Has the committee evaluated whether and how it is adding value to the organisation? | | ✓ | | | ✓ | |
| 24 | Does the committee have an action plan to improve any areas of weakness? | ✓ | | | ✓ | | |
| 25 | Does the committee publish an annual report to account for its performance and explain its work? | ✓ | | | ✓ | | |