

CITY AND COUNTY OF SWANSEA

NOTICE OF MEETING

You are invited to attend a Meeting of the

AUDIT COMMITTEE

At: Committee Room 1, Civic Centre, Swansea

On: Thursday, 30 October 2014

Time: 3.00 pm

AGENDA

	Page No.
1 Apologies for Absence.	
2 Disclosures of Personal and Prejudicial Interests.	1 - 2
3 Minutes. To approve the Minutes of the meeting of the Audit Committee held on 2 October 2014.	3 - 8
4 Briefing - Council Tax Single Person Discount.	
5 Internal Audit Annual Plan 2014/15 Monitoring Report for the Period 1 April 2014 to 30 June 2014.	9 - 13
6 Risk Management Update.	14 - 21
7 Audit Committee Work Plan.	22 - 23
8 Date of Next Meeting - 3 p.m. on Thursday, 27 November 2014.	



Patrick Arran
Head of Legal, Democratic Services & Procurement
Wednesday, 22 October 2014

Contact: Democratic Services: - 636016

AUDIT COMMITTEE (12)

Lay Member:

Mr Alan M Thomas (Chair)

Councillors:

Labour Councillors: 8

Bob A Clay	D Phillips
A M Cook	Robert V Smith
Phil Downing	Des W W Thomas
Geraint Owens	Lesley V Walton

Liberal Democrat Councillors: 2

Jeff W Jones (Vice Chair)	Paul M Meara
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Independent Councillor: 1

Lynda James	
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Conservative Councillor: 1

Paxton R Hood-Williams	
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Officers:

Jack Straw	Chief Executive
Dean Taylor	Director of Corporate Services
Mike Hawes	Head of Financial Services
Paul Beynon	Chief Auditor
Debbie Smith	Directorate Lawyer
Dave Mckenna	Overview & Scrutiny Manager
Sharon Heys	Principal Lawyer
Richard Rowlands	Business Performance Manager
Patrick Fletcher	Communications
PricewaterhouseCoopers	External Auditors
Archives	
Democratic Services	
Spares	

Total Copies Needed:

32

- a) Details of the prejudicial interest;
- b) Details of the business to which the prejudicial interest relates;
- c) Details of, and the date on which, the dispensation was granted; and
- d) Your signature

Officers

Financial Interests

1. If an Officer has a financial interest in any matter which arises for decision at any meeting to which the Officer is reporting or at which the Officer is in attendance involving any member of the Council and /or any third party the Officer shall declare an interest in that matter and take no part in the consideration or determination of the matter and shall withdraw from the meeting while that matter is considered. Any such declaration made in a meeting of a constitutional body shall be recorded in the minutes of that meeting. No Officer shall make a report to a meeting for a decision to be made on any matter in which s/he has a financial interest.
2. A "financial interest" is defined as any interest affecting the financial position of the Officer, either to his/her benefit or to his/her detriment. It also includes an interest on the same basis for any member of the Officers family or a close friend and any company firm or business from which an Officer or a member of his/her family receives any remuneration. There is no financial interest for an Officer where a decision on a report affects all of the Officers of the Council or all of the officers in a Department or Service.

CITY AND COUNTY OF SWANSEA

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD AT THE CIVIC CENTRE, SWANSEA ON WEDNESDAY 2 OCTOBER
2014 AT 3.00 P.M.

PRESENT: Mr A M Thomas (Independent Chair) presided

Councillor(s):

R A Clay
P R Hood-Williams
L James

Councillor(s):

J W Jones
P M Meara

Councillor(s):

R V Smith
L V Walton

ALSO PRESENT:

S Barry - Wales Audit Office
D Hanley-Crofts - Pricewaterhouse Coopers

Officers:

P Beynon - Chief Auditor
S Heys - Principal Lawyer
S Cockings - Group Auditor
J Parkhouse - Democratic Services Officer

30. **APOLOGY FOR ABSENCE**

An apology of absence was received from Councillor P Downing.

31. **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS**

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared:

Councillor L James - Minute No. 35 - Internal Audit Annual Report 2013/14 and Minute No. 36 - Annual Report of School Audits 2013/14 - School Governor at Pennard Primary and Bishopston Comprehensive Schools - personal.

32. **MINUTES**

RESOLVED that the Minutes of the Special Meeting of the Audit Committee held on 17 September 2014 be agreed as a correct record, subject to the following amendment:

Minute No. 25 - Education Briefing - Schools Delegation

Point I - replace the word 'is' with 'are'.

Minute No. 27 - Report of the Wales Audit Office - Audit of Financial Statements 2013/14 Progress Report - City and County of Swansea

Fifth bullet point - replace the word 'in' with 'and' to read 'regime and the manner...'

33. **WALES AUDIT OFFICE - WALES AUDIT OFFICE PERFORMANCE AUDIT PROGRAMME 2014-15**

S Barry, Wales Audit Office reported the Wales Audit Office Performance Audit Programme 2014-15.

A detailed update was provided in relation to the Improvement Assessment 2014-15 which included the Corporate Assessment, improvement planning and performance reporting. In addition the Committee were updated with regards to Local Government All Wales/National Studies 2014/2015 which included a Financial Planning Assessment, Delivering with Less, Independence of Older People, Regional Education Consortia, Safeguarding, Whistle Blowing, Impact of Welfare Reform on Social Housing and Delivering with Less - the Impact on Environmental Health Services and Citizens.

The Committee asked a number of questions in relation to the programme which were responded to accordingly. Discussions centred around the following:

- The Corporate Assessment of the Authority to be undertaken in November 2014;
- The priorities of the Authority compared to other Authorities in Wales;
- The detail of monitoring work undertaken;
- Whether or not the large amount of savings identified were acceptable and fitted in with the programme of work;
- Whether the Wales Audit Office take into account inspections by other bodies, for example, Estyn;
- How the Wales Audit Office undertakes its Performance Audit Programme with regards to regional working, for example, in the education sector and the lack of consistency regarding the governance of such matters;
- Wales Audit Office policy/City and County of Swansea policy in relation to whistle blowing.

RESOLVED that:

- (1) the contents of the report be noted;
- (2) the Principal Lawyer clarifies if Councillors are included as a possible point of contact for staff in the City and County of Swansea Whistle Blowing Policy.

34. **UPDATE ON COMPLETION OF THE AUDIT OF THE STATEMENT OF ACCOUNTS**

D Hanley-Crofts, PricewaterhouseCoopers provided a verbal update report on the audit of the Statement of Accounts. It was outlined that the Statement of Accounts were finalised and agreed by Council on 30 September 2014 and a clean audit opinion was issued with no significant weaknesses.

The Head of Finance and Delivery and his team were thanked for providing the information towards a successful audit.

RESOLVED that the contents of the report be noted.

35. **INTERNAL AUDIT ANNUAL REPORT 2013/14**

The Chief Auditor presented the report which reviewed the work of the Internal Audit Section during 2013/14 and included the Chief Auditor's required opinion on the internal control environment for 2013/14 based on the audit testing completed in the year.

A summary of the time spent in 2013/14 on the different categories of internal audit work was provided at Appendix 1. This showed a reduction 252 days (8.4%) in the actual productive audit days achieved against the planned number of productive days. The loss of productive days was due to vacancies and maternity leave exceeding the planned time by 369 days (12.2%). This is equivalent to the loss of almost 2 members of staff for the entire year. As a result of the loss of productive days and an increase in the amount of time spent on projects and special investigations, the Internal Audit Plan was reviewed and a number of lower risk audits included in the plan were deferred until 2014/15. Appendix 1 also showed the impact of the loss of productive days across directorates and other types of audit work such as systems and computer audits. The original Internal Audit Plan 2013/14 contained 165 audit jobs, of which 105 (64%) were completed to at least draft report stage during the year. Each job produced an audit report which was discussed and agreed with the client and the reports included recommendations to improve any weaknesses or areas of concern identified during the audit in relation to the systems, procedures and controls. During the year, 99.5% of recommendations made were accepted by clients.

Minutes of the Audit Committee (02.10.2014) Cont'd

The Audit Committee is provided with a quarterly monitoring report on the audits being undertaken during the year. A complete list of each audit finalised during 2013/14 along with the level of assurance and number of recommendations made and accepted was provided at Appendix 2. The amount of time spent on special investigations in 2013/14 was 187 days which exceeded the planned time by 47 days. A summary of the investigations was provided and included the following:

- Domiciliary care provider.
- Employment training overspend 2012/13.
- Primary school - VAT.
- School caretaker.

Details of the data matches identified by the Audit Commission as part of the National Fraud Initiative exercise were provided along with the potential cost savings. Additional areas of work to the planned audit work and special investigations work provided.

In addition, details of additional work undertaken by the Audit Section, follow-ups to investigations, Performance Indicators at Appendix 3 and the Internal Control Opinion were provided.

The Chief Auditor reported that based on the audit testing completed during 2013/14, reasonable assurance can be given that the systems of internal control are operating effectively and that no significant weaknesses were identified which would have a material impact on the council's financial affairs.

The Committee asked a number of questions of the officer who responded accordingly. Details of discussions included:

- Whether the number of reviews being carried forward each year were increasing;
- Whether certain audits had been reduced;
- The importance of the follow-up procedure in ensuring that recommendations are implemented;
- The timescale involved in recommendations being implemented;
- The effect of the loss of productive days on audits, particularly school audits;
- The follow-up procedure and the need to get the message across to departments who had failed to implement recommendations;
- All Wales Performance Indicators and the performance of the City and County of Swansea against other Authorities;
- The Audit Report into the Community Alarm Service.

RESOLVED that:

- (1) the contents of the report be noted;
- (2) the Chief Auditor's opinion on the internal control environment be noted;
- (3) the Chief Auditor informs the Committee of the performance of the City and County of Swansea Audit Section compared to other Local Authorities in Wales.

36. **ANNUAL REPORT OF SCHOOL AUDITS 2013/14**

The Chief Auditor presented a report which provided a summary of the school audits undertaken by the Internal Audit Section during 2013/14.

The School Audit Annual Report 2013/14 was provided at Appendix 1 of the report. It was outlined that the Internal Audit Section reviewed all primary, secondary and special schools within the City and County of Swansea. For routine audits, a risk assessment is carried out at individual school level. Based on this, a rolling programme of schools audits is undertaken and schools are planned to be audited every three years. The audit scope for schools during 2013/14 was also provided.

The Chief Auditor summarised the analysis of the areas where audit recommendations had been made. He highlighted that the Internal Audit Section had been involved with the Procurement Section in order to address areas of non-compliance within schools in relation to purchasing. Procurement continued to account for the significant majority of recommendations made as part of school audits, representing 35% of all recommendations made in 2013/14 across 11 recommendation categories. Furthermore, Contract Procedure Rules were amended in April 2014 which had seen changes to the required process for obtaining quotations and documentation retention, primarily for 'Band A' purchases (below £5,000) and also for 'Single Tender Application' process. It was added that a dedicated Senior Procurement Officer for Education was appointed in July 2013 in order to deal solely with education procurement issues and to act as a point of contact for all schools for all procurement related queries, issuing procurement guidance to schools when necessary. Procurement, in collaboration with Internal Audit, had undertaken a number of training sessions for deputy head teachers and school admin staff in order to ensure schools were aware of the impact of the above changes and to ensure they follow the correct procedures and it is envisaged that this will continue into 2014/15.

Minutes of the Audit Committee (02.10.2014) Cont'd

Details were provided of the primary and secondary schools audits undertaken during 2013/14 and the level of assurance awarded to each school. The report also identified the number of recommendations made and highlighted the areas where the recommendations arose.

It was concluded that the annual report provided information on schools audits undertaken and identified the main areas for improvement in relation to the financial management and other areas of schools. A good working relationship exists between schools and the Internal Audit Section, with head teachers generally responding positively to audit recommendations. However, the raising of orders and compliance with Contract Procedure Rules does remain a concern and in many instances these have been repeatedly reported over the years.

However, financial management systems established in schools continue to provide a generally high level of assurance, subject to the procurement compliance issues as outlined.

The Committee asked a number of questions of the officer which were responded to accordingly. Details discussed included:

- Procurement procedures within schools;
- Delegated budgets to schools and procedures schools must undertake, if any;
- The use of local suppliers by schools;
- The use of supply teachers within schools and the associated costs.

RESOLVED that:

- (1) the Annual Report of School Audits 2013/14 be noted;
- (2) the Chief Auditor provide details of the amount spent by schools on the procurement of goods and services

37. **AUDIT COMMITTEE - WORK PLAN**

The updated Audit Committee Work Plan was provided for information.

38. **DATE OF NEXT MEETING**

NOTED that the next meeting be scheduled for 3.00 p.m. on Thursday, 30 October 2014.

The meeting ended at 4.56 p.m.

CHAIR

Report of the Chief Auditor

Audit Committee – 30 October 2014

INTERNAL AUDIT ANNUAL PLAN 2014/15 MONITORING REPORT FOR THE PERIOD 1 APRIL 2014 TO 30 JUNE 2014

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 st April 2014 to 30 th June 2014.
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2014/15
Consultation:	Executive Board, Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that: the Committee review and discuss the work of the Internal Audit Section and note the contents of the report
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Debbie Smith
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 The Internal Audit Annual Plan 2014/15 was approved by the Audit Committee on 24th April 2014 and quarterly monitoring reports will be presented throughout the year to allow Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits which were finalised in the period 1st April 2014 to 30th June 2014.

2. Audits Finalised 1st April 2014 to 30th June 2014

- 2.1 A total of 125 days was lost in Quarter 1 due to vacancies and secondments to the Accountancy Section. One Auditor gained promotion to cover a maternity leave vacancy until May 2015 while another Auditor was seconded to complete the Fixed Assets accounts for 2013/14 as the accountant suddenly went on sick leave with a serious illness.
- 2.2 A vacant Group Auditor post was filled on 26th June 2014 and one seconded Auditor returned to Internal Audit on 1st July 2014. Efforts are being made to employ an Auditor on a fixed term contract until May 2015 to cover the maternity leave secondment.
- 2.3 A total of 21 audits were finalised during Quarter 1. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.
- 2.4 An analysis of the audits finalised during the 1st quarter is shown in the following table

Assurance Level	High	Substantial	Moderate	Limited
Number	6	12	3	0

- 2.5 A total of 194 audit recommendations were made and management agreed to implement 191 recommendations i.e. 98.5% against a target of 98%.
- 2.6 The following table shows brief details of the significant issues which led to the audits being considered to be 'moderate'. There were other less significant findings also included in the final audit report issued to management.

Audit	Assurance Level	Reasons
Seaview Primary School	Moderate	<ul style="list-style-type: none"> • Variations in dinner money records to bankings • High dinner money arrears • Discrepancies in school meal records • Official orders not always raised • Failure to follow Contract Procedure Rules • Insurance cover insufficient

Payroll	Moderate	<ul style="list-style-type: none"> • Authorisation of starter forms by HR staff • Lack of consistency in documentation used • File not available for inspection • Authorised signatory list out of date • Lack of division of duties for Education payroll
Accounts Receivable	Moderate	<ul style="list-style-type: none"> • Services not collecting income in advance where possible • Raising and recovery of social care and school debts • Authorisation of write off recommendations by Legal • Action required to reduce number of write offs

3. Follow Ups Completed 1st April 2013 to 30th June 2013

- 3.1 The follow up procedures operated by the Internal Audit Section includes visits to any non fundamental audits which received a 'moderate' or 'limited' level of assurance to confirm that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any 'high' or 'medium' risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Head of Finance and Delivery.
- 3.3 During the 1st quarter follow up visits were made to the Key Stage 4 Education Centre where it was found that substantial progress had been made in implementing the agreed recommendations.

4 Equality and Engagement Implications

- 4.1 There are no equality and engagement implications associated with this report

5. Financial Implications

- 5.1 There are no financial implications associated with this report.

6. Legal Implications

- 6.1 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2014/15

Appendices: Appendix 1 Internal Audit – Monitoring Report Quarter 1 2014/15

INTERNAL AUDIT MONITORING REPORT - QUARTER 1 2014/15

Head of Service	Audit	Date	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Highways & Transportation	Transport Support	11/04/14	High	2	2	0
Education Planning & Resources	Llanrhidian Primary School	15/05/14	High	2	2	0
Finance & Delivery	Cash	10/06/14	High	2	2	0
Finance & Delivery	Civic Centre Cash Office	10/06/14	High	3	3	0
Finance & Delivery	Council Tax	12/06/14	High	3	3	0
Finance & Delivery	Business Rates	25/06/14	High	6	6	0
Education Planning & Resources	Cwmrhydyceirw Primary School	07/04/14	Substantial	7	7	0
Culture, Sport/Leisure & Tourism	Penyrheol Leisure Centre/Theatre & Pontaddulais Leisure Centre	10/04/14	Substantial	8	8	0
Education Planning & Resources	Catering Headquarters	16/04/14	Substantial	20	20	0
Education Planning & Resources	Glyncollen Primary School	23/04/14	Substantial	8	8	0
Education Planning & Resources	YGG Lon Las	15/05/14	Substantial	7	7	0
Adult Services	Younger People with Disability Office	16/05/14	Substantial	6	6	0
Education Planning & Resources	YGG Pontybrenin	20/05/14	Substantial	8	8	0
Adult Services	Social Services Establishments	21/05/14	Substantial	36	36	0
Social Services - Directorate Services	Supporting People Team	03/06/14	Substantial	8	8	0
Education Improvement	Better Schools Funding	09/06/14	Substantial	4	4	0
Culture, Sport/Leisure & Tourism	Central Library	23/06/14	Substantial	7	6	1
Finance & Delivery	Car Loans	26/06/14	Substantial	8	8	0
Education Planning & Resources	Seaview Primary School	02/05/14	Moderate	15	15	0
Human Resources & Organisational Development	Payroll	29/05/14	Moderate	16	15	1
Finance & Delivery	Accounts Receivable	29/05/14	Moderate	18	17	1
Total				194	191	3

Agenda Item 6

Report of the Cabinet Member for Finance and Strategy

Audit Committee – 30 October 2014

RISK MANAGEMENT UPDATE

Purpose:	To update members on the process of Risk Management, reporting and mitigation across the Council.
Policy Framework:	None
Reason for Decision:	This report is presented for information purposes
Consultation:	Legal Services and Corporate Equalities Unit.
Recommendation:	The Report is noted.
Report Author:	Mike Hawes
Finance Officer:	Mike Hawes
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. Introduction

Definition of Risk

“Risk is an event, action, or lack of action that could adversely affect the Council’s ability to achieve objectives and to successfully execute its strategies. Risk arises as much from failing to capture opportunities whilst pursuing business objectives as it does from a threat that something bad will happen”

1.1 This report details the risk management process as currently exists within the City and County of Swansea.

1.2 It identifies the organisational levels at which risk is identified and recorded together with the reporting and review arrangements that are undertaken to ensure currency of risk issues.

1.3 The report further identifies the structure of the current risk registers and the additional ways that risk is reported as part of the Corporate decision making process.

2. Risk registers and Reporting Levels

2.1 Risk registers are kept at three organisational levels across the Council as follows:-

- Departmental Risk Registers – for Corporate Services = effectively the responsibility of each Head of Service to maintain. Significant items within each Departmental Risk register are escalated to..
- Directorate Risk Registers – Three in total reflecting People, Place and Corporate Services Directorates. Significant items within each Directorate Risk Register are escalated to.....
- Corporate Risk Register.

2.2 The format of the risk register, which is held on a central database, is given at Appendix 'a' to this report and encompasses the following:

- Risk ID – assigned when new risks are added
- Risk Title – Entered by responsible Officer
- Risk View – Details of the specific risk, controls in place for mitigation, actions to be taken, Current likelihood (Very low, Low, medium, high), Current impact (as likelihood), previous recorded likelihood and impact (where changed – to give trend), overall risk rating (RAG, populated automatically by reference to likelihood and impact),
- Edit – available to responsible officers to update current risk view
- Responsible Officer – the risk owner and person responsible for update
- Date last updated
- Updated by
- Current RAG status
- History – gives audit trail of all entries relating to the risk.

2.3 A view of a simple Departmental risk is given at appendix 'b' to this report

2.4 The key to effective Risk Management is regular review and update in respect of ongoing risks and any new risks identified.

2.5 As such the review of risk registers is now an evidenced standing item on monthly departmental Performance and Financial Planning meetings and, in respect of the Corporate Risk Register, monthly evidenced review at Executive Board.

2.6 Each monthly departmental P&FM meeting has a section to highlight any items that need escalation to the Councils Executive Board.

3. Risks identified as a part of ongoing business and reporting.

- 3.1 The risk register is a method of formally identifying and evaluating risks, identifying potential impact and likelihood of occurrence, identifying mitigation and actions to be taken.
- 3.2 However, it is essential that risk is considered beyond the formality of the risk register and is used to inform the decision making process across the Council.
- 3.3 As such, reports presented to Cabinet or Council for decision will invariably identify elements of risk relating to the options under consideration and the recommended course of action.
- 3.4 As an example, the report recently considered by Cabinet regarding the Mid Term Budget Statement included a whole section covering financial and services risks relating to delivery of the current year revenue budget. That section is replicated at appendix 'c' to this report.
- 3.5 The risks identified within appendix 'c' exist as defined risks within the risk register of the Council at different levels.
- 3.6 Of course risk management should be embedded across all operational activities of the Council on an ongoing basis – be it mitigation of Health and Safety risk, mitigation of risk to the Public through Council activities or environmental risk.
- 3.7 The corporate project methodology adopted by the Council in respect of project administration has an embedded risk analysis/mitigation/escalation stream at its core.

4. Conclusion

- 4.1 There is an evidenced risk identification and management process that exists across the Council and review of risk registers is now formally evidenced at all levels.
- 4.2 That is not to guarantee that each and every risk has been identified/mitigated as that would be impossible to assess.
- 4.3 It is important that the Council continues with the policy of 'lessons learnt' reviews following the closure of major business items and projects so as to continually inform challenge to risks identified on an ongoing basis.

5. Legal Implications

- 5.1 There are no legal implications directly arising from this report

6. Equalities implications

There are no equalities implications directly arising from this report

Background Papers: None

Appendices: Appendix A - Risk register layout
Appendix B - Appendix B – Risk register view
Appendix C - Extract from mid-term budget statement

Appendix 'a' Risk register layout



mike hawes

Risk Register
Corporate Risks

[Add Risk](#) |

[Back to Home Page](#) |

Filter by ResponsibleOfficer: Archived Risks

Previous	Next								
Risk Id	Risk Title	View	Edit	Responsible Officer	Date Last Updated	Updated By	Overall RAG	Audit	
CR 47	Financial Control	View	Edit	mike hawes	21/10/2014	CCOS\MIKE.HAWES	A	View History	

Risk Register - Risk Details



mike hawes

Risk Register Service Risk Details

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Service Financial Services

Risk ID: FS 4 Risk Title: Annual Statement of Accounts

Responsible Officer: mike hawes

Risk Description:
(Describe the risk and its impact using the IF and THEN scenario)

If the Annual Statement of Accounts are not signed by the S151 Officer and made available for external audit by 30th June each year then the Council must immediately publish a statement setting out the reasons why the Accounts have not been signed and agree a course of action to ensure they are signed as soon as possible.

Controls in Place
(List what currently is in place to eliminate or control the risk?)

A detailed Closing of Accounts Timetable is published each year allocating specific tasks in the process to named officers. Progress against the timetable is monitored by the Chief Accountant and significant issues are escalated to the Head of Finance.
2014/15 Accounts signed off unaltered

Actions to be taken
(include completion dates)

MH1

Previous Likelihood: Medium

Current Likelihood: Very Low

Previous Impact: Very High

Current Impact: High

Appendix 'c' Extract from mid-term budget statement

Section 3 – Current year Financial and Service risks

The purpose of this section is to provide an overview of the identified high level financial and service risks which could impact on the 2014/15 revenue outcome as detailed in section 1 above. It is critical in understanding the potential for in year variances

An analysis of the current position is given within the tables in section 3.1 below.

Conclusions and recommendations are that the Council remains at some risk around the identified areas and where appropriate further assessments of likelihood and scale of impact have been undertaken.

3.1 The Council continues to carry a number of financial risks arising out of both Corporate and Service issues:-

Corporate Financial Risks

Issue	Scale/Risk	Mitigation/Funding
Equal pay payments	£1m+/Medium	
The Council is in the process of settling equal pay claims covering a number of categories of claimants. The current financial position suggests adequate funding exists subject to settlement rates on grievance claims.		Current analysis of settled and projected claims suggests adequate funding exists based on agreed settlement rates. Any movement upwards on these rates introduces a potential additional cost over and above sums currently set aside. Any additional funding would be a call on one-off savings for 2014/15 or reserves. This may however change if the basis of settlement moves.
Pay awards	£1m+/Low	
The employers proposed 2014/15 1% pay award has yet to be agreed by the relevant Unions. Any increase above this level – built into budgets for 2014/15 – would lead to unbudgeted additional cost.		Would have to be met from contingency fund, one off savings identified during 2014/15 or reserves. Reduction in service budgets would be difficult due to timing.

J.E. Appeals		
The Council is commencing a significant appeals process following the introduction of JE from April 2014. The budget report approved by Council on 14/2/14 approved the Revenue Budget for 2014/15 which contained a clear statement that ' any additional costs that may potentially arise out of the appeals process will be met from within existing Directorate Budgets '.	£1m+/Medium	Notwithstanding the statement on meeting costs from Departmental budgets, given the period that may elapse from agreement of any successful appeal and the implementation date (subject to backpay) the Council will need to have a contingency plan in place to meet backdating costs to 1/4/14 where appeals are decided after year end.
Sustainable Swansea Workstream savings There is some delay in delivery of current year planned workstream savings which will require increased support and challenge in the areas concerned.	£1m+High	The current analysis suggests that there is a timing issue implicit in the delivery of these workstreams rather than an strategic inability to deliver. As such the mtfp going forward continues to assume that they will be fully delivered over the medium term.

Service Financial/operational risks

Issue	Scale	Mitigation/Funding
Key areas of spend around Social Services (particularly at this stage in adult services/Mental Health services) remain volatile in terms of demand.	£1m+	Discussed at Executive Board. Action being taken to manage demand in the current year with long term plans in place (ICF etc.) to further manage demand.
Key areas of education spend around out of school tuition show continued signs of overspend without current mitigation.	£500k	Discussed at Executive Board and alternative reductions across education budget being pursued.
Employment training grants continue to reduce ahead of downsizing of service.	£500k	Discussed at Executive Board – action being taken to downsize cost 14/15 – timing issue at present.

Agenda Item 7

Report of the Head of Finance & Delivery

Audit Committee – 30 October 2014

AUDIT COMMITTEE – WORKPLAN

Purpose:	This report details the Audit Committee Workplan to May 2015.
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

FOR INFORMATION

1. Introduction

- 1.1 The Audit Committee's Workplan to May 2015 is attached in Appendix 1 for information

2. Equality and Engagement Implications

- 2.1 There are no equality and engagement implications associated with this report.

3. Financial Implications

- 3.1 There are no financial implications associated with this report.

4. Legal Implications

- 4.1 There are no legal implications associated with this report

Background Papers: None

Appendix 1 – Audit Committee Workplan 2014/15

AUDIT COMMITTEE WORKPLAN 2014/15

Date of Meeting	Reports
30 th October 2014	Internal Audit Monitoring Report Q1 2014/15 Risk Management Half Yearly Review 2014/15 Council Tax Single Person Discount
27 th November 2014	Internal Audit Monitoring Report Q2 2014/15 Recommendations Tracker Report 2013/14 PwC Controls Report 2013/14 PwC Annual Audit Letter 2013/14
15 th January 2015	Audit Committee Review of Performance 2014/15
12 th February 2015	Internal Audit Monitoring Report Q3 2014/15
12 th March 2015	Internal Audit Annual Plan 2015/16 Internal Audit Charter 2015/16 Risk Management Annual Review 2014/15
9 th April 2015	PwC Annual Financial Audit Outline 2014/15