

## CITY AND COUNTY OF SWANSEA

### NOTICE OF MEETING

You are invited to attend a Meeting of the

### AUDIT COMMITTEE

**At:** Committee Room 6, Guildhall, Swansea

**On:** Thursday, 9 April 2015

**Time:** 3.00 pm

### AGENDA

	Page No.
<b>1 Apologies for Absence.</b>	
<b>2 Disclosures of Personal and Prejudicial Interests.</b>	1 - 2
<b>3 Minutes.</b> To approve the Minutes of the meeting of the Audit Committee held on 12 March 2015.	3 - 8
<b>4 Presentation - Peer Review.</b>	
<b>5 Briefing - Corporate Governance Review.</b>	
<b>6 Presentation - Risk Management Annual Review.</b>	
<b>7 Internal Audit Charter.</b>	9 - 17
<b>8 Internal Audit Annual Plan 2015/16.</b>	18 - 27
<b>9 Draft Audit Committee Annual Report 2014/15.</b>	28 - 33
<b>10 Audit Committee Work Plan.</b>	34 - 36



**Patrick Arran**  
Head of Legal, Democratic Services & Procurement  
Wednesday, 1 April 2015

---

Contact: Democratic Services: - 636016

## AUDIT COMMITTEE (12)

### Lay Member:

#### Name:

#### Term of Office:

Mr Alan M Thomas (Chair)	27.11.12 – 04.05.2017
--------------------------	-----------------------

### Councillors:

#### Labour Councillors: 8

John C Bayliss	David Phillips
Bob A Clay	Robert V Smith
A M Cook	Des W W Thomas
Geraint Owens	Lesley V Walton

#### Liberal Democrat Councillors: 2

Jeff W Jones (Vice Chair)	Paul M Meara
---------------------------	--------------

#### Independent Councillor: 1

Lynda James	
-------------	--

#### Conservative Councillor: 1

Paxton R Hood-Williams	
------------------------	--

### 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
Sharon Heys	Principal Lawyer
PricewaterhouseCoopers	External Auditors
Councillor M H Jones	Chair of Scrutiny Programme Committee
Archives	
Democratic Services	
Spares	

### Email Only:

Dave Mckenna	Overview & Scrutiny Manager
Richard Rowlands	Business Performance Manager
Patrick Fletcher	Communications

### Total Copies Needed:

30
----

## Disclosures of Interest

To receive Disclosures of Interest from Councillors and Officers

### Councillors

**Councillors Interests are made** in accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea. You must disclose orally to the meeting the existence and nature of that interest.

**NOTE:** You are requested to identify the Agenda Item / Minute No. / Planning Application No. and Subject Matter to which that interest relates and to enter all declared interests on the sheet provided for that purpose at the meeting.

1. If you have a **Personal Interest** as set out in **Paragraph 10** of the Code, you **MAY STAY, SPEAK AND VOTE** unless it is also a Prejudicial Interest.
2. If you have a Personal Interest which is also a **Prejudicial Interest** as set out in **Paragraph 12** of the Code, then subject to point 3 below, you **MUST WITHDRAW** from the meeting (unless you have obtained a dispensation from the Authority's Standards Committee)
3. Where you have a Prejudicial Interest you may attend the meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, **provided** that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise. In such a case, you **must withdraw from the meeting immediately after the period for making representations, answering questions, or giving evidence relating to the business has ended**, and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration (**Paragraph 14** of the Code).
4. Where you have agreement from the Monitoring Officer that the information relating to your Personal Interest is **sensitive information**, as set out in **Paragraph 16** of the Code of Conduct, your obligation to disclose such information is replaced with an obligation to disclose the existence of a personal interest and to confirm that the Monitoring Officer has agreed that the nature of such personal interest is sensitive information.
5. If you are relying on a **grant of a dispensation** by the Standards Committee, you must, before the matter is under consideration:
  - i) Disclose orally both the interest concerned and the existence of the dispensation; and
  - ii) Before or immediately after the close of the meeting give written notification to the Authority containing:

- 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 COMMITTEE ROOM 3A, GUILDHALL, SWANSEA ON  
THURSDAY 12 MARCH 2015 AT 3.00 P.M.

**PRESENT:** Mr A M Thomas (Independent Chair) presided

**Councillor(s):**

R A Clay  
P Downing  
P R Hood-Williams

**Councillor(s):**

L James  
J W Jones  
P M Meara

**Councillor(s):**

D Phillips  
L V Walton

**Officers:**

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

**ALSO PRESENT:**

D Hanley-Crofts - PricewaterhouseCoopers  
C Prior - Regional Project Director - Coastal  
E Griffiths - Wavehill

75. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors A M Cook, R V Smith and D W W Thomas.

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

In accordance with the Code of Conduct adopted by the City and County of Swansea, no interests were declared.

77. **MINUTES**

**RESOLVED** that the Minutes of the meeting of the Audit Committee held on 12 February 2015 be approved as a correct record.

**Matters Arising**

**Section 106 Agreements**

The Chief Auditor confirmed that the Internal Audit Report regarding Section 106 Agreements was currently with the department for consideration. He confirmed that the report would only be altered if the department provided additional evidence to prove any inaccuracies. He also confirmed that the Internal Audit Report would be presented to the Audit Committee in June 2015.

78. **AUDIT COMMITTEE - WRITTEN SUBMISSION TO SCHOOL GOVERNANCE SCRUTINY WORKING GROUP**

The Chief Auditor presented a "for information" report which provided details of a written submission by the Audit Committee to the School Governance Scrutiny Working Group. The written submission was provided at Appendix 1. The Vice-Chair attended the Working Group meeting on behalf of the Committee and provided a verbal update at the meeting. He stated that Members of the Scrutiny Working Group discussed Governor participation in schools and the lack of information being circulated to Governors in general.

The Committee questioned whether Governors were being fully informed regarding issues being discussed within schools in order to allow decisions to be made. It was added that the processes followed at some schools i.e. tabled reports at meetings were inadequate and Governors were being asked to decipher detailed information at meetings. While some schools were very good others were very poor. Governing Bodies were also made up of volunteers, some of whom would not challenge Headteachers. It was also important that Governors know their responsibilities. Members also queried the legality of the agenda papers for Governors' meetings being circulated at the meeting, whether Education Officers were aware of issues within schools and the poor quality of information being submitted by some Headteachers to meetings. The need to improve the situation was also highlighted because some schools had found themselves in special measures. This was important because a large proportion of the Council's budget goes into education.

The Chair asked that the members of the Audit Committee who were also members of the School Governance Scrutiny Working Group to feedback the comments of the Committee regarding school governance.

79. **COASTAL PROJECT - FINAL WAVEHILL EVALUATION REPORT**

E Griffiths, Wavehill, supported by C Prior, Regional Project Director - Coastal presented the Final Evaluation Report of the Coastal Project. It was outlined that the project finished on 31 December 2014, however, much of the data available had been collected in August 2014 which meant the final figures relating to the output results were not complete. Much of the additional information had been finalised since August 2014. Reference was made to the Executive Summary within the report and the final table of outputs. It was stated that most targets were hit and there were small margins for those that failed to reach those standards. It was also explained that the report set out the findings of the Independent Evaluation of the project undertaken by Wavehill, which was commissioned by the Coastal Project Board. The research and analysis for the Evaluation was undertaken alongside the implementation of the project so that the findings could be reported to the Project Board during the delivery period, thereby giving an opportunity to react to the emerging findings. This was the fifth report produced over the course of the Evaluation and this final report superseded all previous reports and draws those findings together with the research undertaken for this final report.

Extensive discussions followed in relation to the content of the report and centred around:

- quantifying the social aspects of the project;
- table of final outcome figures as at 31 December 2014;
- acceptance of final outcome figures by WEFO;
- the lack of tangible results and infrastructure to justify WEFO agreeing to the project and providing a significant grant for the project;
- evaluation of the project and its value for money, particularly the cost per individual;
- the long-term sustainable benefit provided to the economy and individuals;
- cost benefit analysis and judging the softer elements of the project;
- evaluation of the project by WEFO and European financial support provided;
- the benefits enjoyed by the individuals involved in the project;
- the regional approach by local authorities involved in the project;
- the lessons learnt;
- in the opinion of the Regional Project Director, the apparent failure of middle management within Social Services, City and County of Swansea which had a significant effect upon projects;
- low level employability and ability of the people involved in the project and the ability to move people into employment;

Minutes of the Meeting of the Audit Committee (12.03.2015) Cont'd

- confusion between the social aspects and economic targets of the project;
- potential clawback from the project and the lack of risk analysis;
- the risk to the City and County of Swansea of being the lead authority for the project;
- termination of project procedures to be undertaken;
- duplication of services;
- value for money regarding the funding the City and County of Swansea put into the project;
- the need to investigate Best Value and Best Practice in similar projects.

**RESOLVED** that:

- (1) the contents of the report be noted;
- (2) the final WEFO report be provided to the Committee;
- (3) the Chief Auditor provide further information regarding WEFO to the Committee.

80. **FUNDAMENTAL AUDITS 2013/14 - RECOMMENDATIONS TRACKER UPDATE**

The Chief Auditor presented a report which provided an update on the recommendations made following the fundamental audits 2013/14 that had not been fully implemented when the Recommendations Tracker Report was presented to the Committee on 27 November 2014. It was added that the report in November identified that around 97% of agreed recommendations which were due to be implemented by 31 August 2014 had already been done. However, it was also noted that a further 29 recommendations had implementation dates which were after 31 August 2014 and it was recommended that a further update be provided to the Audit Committee showing the position at 31 January 2015. Appendix 1 provided that for each fundamental audit, the number of recommendations made following the 2013/14 audits and whether they had been implemented, partly implemented or not implemented as at 31 January 2015. A summary table of the position of each of the 71 agreed recommendations was provided as follows:

Recommendations	31 August 2014		31 January 2015	
	Number	%	Number	%
Implemented	40	57	63	89
Partly Implemented	1	1	0	0
Not implemented	1	1	3	4
Not yet due	29	41	5	7
<b>Total</b>	<b>71</b>	<b>100</b>	<b>71</b>	<b>100</b>



It was highlighted that good progress had been made since the last report with a further 23 recommendations being implemented. An analysis of the recommendations which had been partly or not implemented over the classification of audit recommendations used by the Internal Audit Section was provided at Appendix 2. Appendix 3 provided the management explanation for the three recommendations which had not been implemented by 31 January 2015.

It was concluded that the results of the Recommendations Tracker Exercise at 31 January 2015 were extremely positive with 95% of recommendations due for implementation by the end of January being implemented. Any outstanding recommendations would be identified during the 2014/15 fundamental audits and monitoring of the implementation will form part of the Recommendations Tracker Exercise for next year.

The Committee considered the report and requested further information in relation to Human Resources retaining hard copies of contracts for staff employed by schools.

**RESOLVED** that:

- (1) the contents of the report be noted;
- (2) the Chief Auditor investigate whether Human Resources retain hard copies of contracts for school based staff and inform the Committee.

81. **AUDIT COMMITTEE - SELF ASSESSMENT OF GOOD PRACTICE QUESTIONNAIRE**

The Chief Auditor provided a draft self-assessment questionnaire as a basis for the review of the Committee's performance in 2014/15 which will be used to inform the Committee's Annual Report.

**RESOLVED** that:

- (1) the contents of the report be noted;
- (2) the completed questionnaire be used as the basis for the Audit Committee Annual Report 2014/15.

82. **AUDIT COMMITTEE WORK PLAN**

The Audit Committee Work Plan to May 2014/15 and Outline Work Plan for 2015/16 were provided for information.

Minutes of the Meeting of the Audit Committee (12.03.2015) Cont'd

83. **NEXT MEETING - 3.00 P.M. ON THURSDAY, 9 APRIL 2015**

**NOTED** that the next meeting be scheduled for 3.00 p.m. on Thursday, 9 April 2015.

The meeting ended at 5.05 p.m.

**CHAIR**

S: Audit Committee - 12 March 2015  
(JEP) 23 March 2015

## Report of the Chief Auditor

Audit Committee – 9 April 2015

### INTERNAL AUDIT CHARTER

<b>Purpose:</b>	This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 <sup>st</sup> April 2013 and presents an Internal Audit Charter for approval by the Committee.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	There is a requirement under the PSIAS for every internal audit provider to have an Internal Audit Charter which must be approved by the Audit Committee
<b>Consultation:</b>	Executive Board, Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that the Committee approve the Internal Audit Charter
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1<sup>st</sup> April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government
- 1.2 The PSIAS were developed by CIPFA and the Chartered Institute of Internal Auditors (CIIA) and are mandatory for all providers of internal audit services in the public sector.
- 1.3 The new standards are based on the mandatory elements of the global CIIA's International Professional Performance Framework with additional requirements to reflect the UK public sector.

1.4 The objective of the PSIAS are to

- Define the nature of internal auditing within the UK public sector
- Set basic principles for carrying out internal audit in the UK public sector
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning

1.5 The PSIAS consist of the following

- Definition of Internal Audit
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing

## 2. Internal Audit Charter

2.1 One of the requirements of the PSIAS is that every internal audit provider in the UK public sector whether in-house, shared service or outsourced must have an Internal Audit Charter

2.2 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The guidance produced by CIPFA on implementing the PSIAS states that the Charter should

- Recognise the mandatory nature of the PSIAS (the Definition of Internal Auditing, Code of Ethics and the Standards themselves)
- Define the scope of internal audit activities
- Establish the responsibilities and objectives of internal audit
- Recognise that internal audit's remit extends to the entire control environment of the organisation and not just financial controls
- Define the terms 'board' and 'senior management' for the purposes of the internal audit activity
- Establish the organisational independence of internal audit
- Establish the accountability, reporting lines and relationships between the chief audit executive (Chief Auditor) and
  - § The board (Audit Committee)
  - § Those to whom the Chief Auditor must report functionally
  - § Those to whom the Chief Auditor may report administratively
- Set out the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of the paid service) with regards to internal audit.
- Define the role of internal audit in any fraud-related work
- Set out the arrangements that exist within the organisation's anti-fraud and anti-corruption policies, requiring the Chief Auditor to be

notified of all suspected or detected fraud, corruption or impropriety, to inform his or her annual internal audit opinion and the risk-based plan

- Establish internal audit's right of access to all records, assets, personnel and premises, including those of partner organisations where appropriate, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities
- Cover the arrangements for appropriate resourcing
- Include arrangement for avoiding conflicts of interest if internal audit undertakes non-audit activities.

2.3 The Chief Auditor is required to review the Internal Audit Charter periodically and present it to the Executive Board and Audit Committee for approval. The PSIAS state that final approval of the Internal Audit Charter resides with the Audit Committee.

2.4 The Internal Audit Charter for the City and County of Swansea's Internal Audit Section has been reviewed with some changes shown as tracked changes in Appendix 1

2.5 The Charter has been approved by the members of the Executive Board and is now reported to the Audit Committee for approval

### **3 Equality and Engagement Implications**

3.1 There are no equality and engagement implications associated with this report

### **4. Financial Implications**

4.1 There are no financial implications associated with this report.

### **5. Legal Implications**

5.1 There are no legal implications associated with this report.

**Background Papers:** None

**Appendices:** Appendix 1 City and County of Swansea – Internal Audit Charter

## CITY AND COUNTY OF SWANSEA

### INTERNAL AUDIT CHARTER

#### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1<sup>st</sup> April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government
- 1.2 The PSIAS were adopted by the Relevant Internal Audit Standard Setters which is made up of 7 organisations including CIPFA and the Welsh Government.
- 1.3 The PSIAS were developed by CIPFA and the Chartered Institute of Internal Auditors (CIIA) and are mandatory for all providers of internal audit services in the public sector.
- 1.4 The PSIAS consist of the following
  - Definition of Internal Audit
  - Code of Ethics
  - International Standards for the Professional Practice of Internal Auditing
- 1.5 One of the requirements of the PSIAS is that each internal audit provider must have an Internal Audit Charter which is a formal document that
  - Defines the purpose, authority and responsibility for internal audit
  - Establishes the internal audit activity's position within the organisation
  - Authorises access to records, personnel and physical assets
  - Defines the scope in internal audit activities
  - Defines the nature of assurance and consulting activities
- 1.6 The responsibility for the final approval of the Internal Audit Charter lies with the Audit Committee

#### 2. Definition of Internal Audit

- 2.1 The statutory nature of Internal Audit is established by the following legislation
  - Section 151 of the Local Government Act 1972 which states that local authorities are required to make arrangements for the proper administration of its financial affairs and shall ensure that one of

its officers has responsibility for the administration of those affairs. In Swansea, the Section 151 Officer is the Head of Finance and Delivery

- The Accounts and Audit (Wales) Regulations 2005 state that ‘a local government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices’

2.2 Against this statutory background, the PSIAS provides the following definition of internal audit

- *‘Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve and organisation’s operations*
- *It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’*

2.3 The PSIAS also includes a Code of Ethics which all internal audit staff are required to comply with. The principles which underpin the Code of Ethics are integrity, objectivity, competency and confidentiality.

2.4 Internal auditors are also expected to adhere to the requirements of any professional body that they are members of as well as the Council’s Officers’ Code of Conduct.

2.5 A number of generic terms are used throughout the PSIAS which must be defined in the Internal Audit Charter. The terms and how they are interpreted in Swansea are shown in the following table

<b>PSIAS</b>	<b>City &amp; County Swansea</b>
Chief Audit Executive	Chief Auditor
Senior Management	Executive Board
Board	Audit Committee

### **3. Role and Function of Internal Audit**

3.1 A professional, independent and objective Internal Audit service is one of the key elements of good governance in local government with the foundation of an effective Internal Audit service being compliance with standards and proper practices.

3.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council’s objectives

- 3.3 Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 3.4 It is management's responsibility to establish and maintain a sound control environment including risk management, internal control processes, accounting records and governance arrangements.
- 3.5 It is Internal Audit's role to review the established systems and advise management that suitable arrangements are in place and are operating properly. It is particularly important that the work of Internal Audit adds value to the services under review.
- 3.6 Internal Audit will work with management to improve the control environment and assist the Council in achieving its objectives.
- 3.7 The role undertaken by Internal Audit and the annual opinion on the control environment provided by the Chief Auditor which also informs the Council's Annual Governance Statement provides a vital assurance function over the Council's activities.

#### **4. Scope of Internal Audit**

- 4.1 The definition of Internal Audit established by the PSIAS covers the control environment of the Council as a whole
- 4.2 This means that the scope of Internal Audit similarly covers the Council's operations as a whole and is not limited to the review of financial systems.
- 4.3 Financial Procedure Rule 12 – Internal Audit states that the Chief Auditor will maintain an adequate and effective Internal Audit service and provides authority to:
- Enter at all reasonable times on any Council premises or land
  - Have access to, and removal if necessary into custody of, all records, documents and correspondence relating to any financial or other transaction of the Council
  - Require and receive such explanations as are necessary concerning any matter under examination
  - Require any employee of the Council to produce on demand cash, stores or any other Council property under his/her control

#### **5 Independence of Internal Audit**

- 5.1 It is essential that Internal Audit is independent of the services it reviews and reports upon. Internal Audit must be seen to be independent and all staff must be free of any restrictions which prevent them acting in an independent and objective manner.



- 5.2 The Internal Audit Section is part of the Corporate Services Directorate reporting to the Head of Finance and Delivery who is also the Council's Section 151 Officer
- 5.3 The Chief Auditor has no other management responsibilities which restrict the independence of Internal Audit
- 5.4 The Chief Auditor also has unrestricted access to the Chief Executive, Directors, Chief Officers and Heads of Service and may report to any level of management if this is considered necessary. Regular meetings are also held with the Council's external auditor.
- 5.5 The Chief Auditor reports functionally to the Audit Committee in his own name and has unrestricted access to the Chair of the Audit Committee and elected members. The Chief Auditor attends all Audit Committee meetings and contributes to the agenda.
- 5.6 All Internal Audit staff are required to declare any conflicts of interest, of whatever kind, which may impair their ability to demonstrate an impartial, unbiased and objective approach to their work.

## **6 Consultancy Role of Internal Audit**

- 6.1 In addition to the assurance function provided by Internal Audit, there are also occasions where it may also provide a consultancy or advisory role e.g. providing training or advice on controls for systems under development.
- 6.2 On such occasions, Internal Audit is providing advice and guidance and is not giving assurance. Internal Audit always retains the right to review the service at a later date and make further recommendations.
- 6.3 Should a request be received for consultancy work of a significant nature which is not included in the annual plan, the work will not be accepted if it will restrict the ability to complete the required assurance work and deliver the annual internal audit opinion.

## **7 Fraud, Bribery and Corruption Role of Internal Audit**

- 7.1 The establishment of systems and controls to prevent fraud, bribery and corruption is the responsibility of management.
- 7.2 Internal Audit will be aware of the risk of loss by fraud, bribery or corruption in all audit reviews undertaken and will report any exposure to the risk of loss.
- 7.3 Financial Procedure Rule 12 – Internal Audit requires any responsible officer who suspects financial irregularity to inform the Head of Finance and Delivery immediately and to provide facilities for investigation in accordance with the Council's Anti-Fraud and Corruption Policy.

- 7.4 The details of any suspected or detected frauds will be considered when preparing the risk based Internal Audit Plan and will also inform the Chief Auditor's annual internal audit opinion.
- 7.5 The Council is establishing a Corporate Fraud Team with effect from 1<sup>st</sup> June 2015 to be based in the Internal Audit Section. The Team will be set up for an initial period of 2 years.
- 7.6 The Team will be responsible for raising the profile of fraud awareness and promoting an anti fraud and corruption culture across the Council. Where appropriate the Corporate Fraud Team will undertake or assist management in the investigation of suspected cases of fraud, corruption or bribery.

## **8 Internal Audit Resources**

- 8.1 Internal Audit should be appropriately resourced to meet its objectives in terms of the number of staff, grades, qualifications, personal attributes and experience.
- 8.2 The PSIAS require the Chief Auditor to be professionally qualified and suitably experienced.
- 8.3 Risk assessment methodology is used to identify the level of audit coverage required to provide the annual internal audit opinion on the control environment.
- 8.4 A risk based annual Internal Audit plan is produced which matches the required audit coverage to the available resources. The plan is approved by the Audit Committee and the Chief Auditor is required to bring to the attention of the Committee the potential consequences of any shortfall in resources which may impact on the provision of the annual opinion.
- 8.5 The annual plan will be constantly reviewed during the year in response to any changes e.g. vacancies, new risks, frauds and special investigations.
- 8.6 Quarterly reports showing progress made against the annual plan and identifying any required changes to the plan will be presented to the Audit Committee.

## **9 Quality Assurance and Improvement Programme**

- 9.1 To ensure compliance with the PSIAS, the Chief Auditor must put in place a Quality Assurance and Improvement Programme (QAIP).
- 9.2 The QAIP must include both internal and external assessments of Internal Audit.

- 9.3 The internal assessment includes the ongoing supervision and review of work produced by Internal Audit staff as well as performance against targets and client feedback for each audit completed.
- 9.4 A periodic, internal self-assessment must also be undertaken to confirm compliance with the PSIAS.
- 9.5 The PSIAS also require an external assessment at least once every 5 years. The external assessment may either be a full assessment by a suitably qualified external assessor or a self-assessment with independent external validation.
- 9.6 The results of the QAIP must be included in the Chief Auditor's annual report to the Audit Committee. The report must highlight any areas of non-conformance with any significant areas of non-conformance being included in the Annual Governance Statement.

# Agenda Item 8

## Report of the Chief Auditor

Audit Committee – 9 April 2015

### INTERNAL AUDIT ANNUAL PLAN 2015/16

<b>Purpose:</b>	This report presents the Internal Audit Annual Plan 2015/16 to the Audit Committee for approval.
<b>Policy Framework:</b>	None.
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss and approve the Internal Audit Annual Plan 2015/16.
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation:</b>	It is recommended that: the Committee approves the Internal Audit Annual Plan 2015/16.
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 A risk based Internal Audit Annual Plan is prepared each year which is used to guide the work of the Internal Audit Section and allow the Chief Auditor to deliver the annual opinion on control as well as providing assurance to the Audit Committee and Section 151 Officer.
- 1.2 The methodology used to prepare the Annual Plan was reported to the Committee at the meeting on 12<sup>th</sup> February 2015.
- 1.3 This report presents the Internal Audit Annual Plan 2015/16 to Committee for approval.

#### 2. Internal Audit Annual Plan 2015/16

- 2.1 For 2015/16, the Internal Audit Section is made up of 10.6 staff excluding the Chief Auditor which is unchanged from 2014/15. However, a vacant part time auditor post (0.6 FTE) has been held vacant for the first 6 months of the year pending the outcome of the

review of the provision of Corporate Services in response to the significant budget cuts faced by the Council.

- 2.2 A summary of the Internal Audit Plan 2015/16 is shown in Appendix 1 and a list of audits planned for the year is shown in Appendix 2 along with the number of days planned for each audit.
- 2.3 The Internal Audit Plan methodology report which was presented to the February meeting of the Committee identified that problems have been experienced completing the jobs in the Audit Plan due to vacancies, secondments and special investigations for a number of years.
- 2.4 As a result, a number of changes were identified to overcome this problem and ensure that the Audit Plan 2015/16 is realistic. The changes made are shown below
  - A Corporate Fraud Team has been established from 01/06/15
  - The period of time between visits for low risk audits has been increased from 4 to 5 years.
  - The period of time between visits for medium/low risk audits has been increased from 3 to 4 years to 4 to 5 years.
  - A Self Assessment approach will be developed for audits of primary schools, branch libraries, school kitchens and district housing offices.
- 2.5 The Internal Audit Plan 2015/16 accommodates the audits which have been deferred from 2014/15 due to vacancies and secondments of around 500 days and also allows for an additional 40 days being added to the contingency provision as well as covering the vacant post (78 days) and a temporary voluntary reduction in hours for a member of staff (18 days).
- 2.6 To accommodate the audits deferred from 2014/15 and to match the Audit Needs Assessment to the available resources, audits totalling around 450 days which were due in 2015/16 have been deferred to 2016/17.
- 2.7 This is less than previous years and the full effect of the changes identified above will not be felt in 2015/16 as there will be a time investment in developing self assessment questionnaires and the Corporate Fraud Team will not be in place until 01/06/15.
- 2.8 The Corporate Fraud Team has been established in response to the current Housing Benefit Investigation Team transferring to the DWP under the Single Fraud Investigation Service. The Corporate Fraud Team will be responsible for investigation all instances of fraud, corruption and bribery across the Council including Council Tax Reduction Scheme fraud which is not transferring to DWP.

- 2.9 The Corporate Fraud Team will be part of the Internal Audit Section and will have its own plan which will be a mix of preventative and investigative work. Regular reports will be made to the Audit Committee on the work of the Corporate Fraud Team.
- 2.10 As in previous years, progress made by the Internal Audit Section in achieving the Audit Plan will be reported to the Audit Committee on a quarterly basis.

### **3. Equality and Engagement Implications**

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

### **4. Financial Implications**

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

### **5. Legal Implications**

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

**Background Papers:** Internal Audit Plan 2015/16.

**Appendices:** Appendix 1 Internal Audit Annual Plan 2015/16 – Summary.  
Appendix 2 Internal Audit Annual Plan 2015/16.

## INTERNAL AUDIT ANNUAL PLAN 2015/16 - SUMMARY

Categories of Audit Work	Plan	Plan	%
	2014/15 Days	2015/16 Days	
Regularity Audits			
1. People	462	392	14.2
2. Place	419	410	14.9
3. Corporate Services	200	287	10.4
Systems Audits	389	368	13.4
Computer Audits	102	75	2.7
Contract Audits	5	8	0.3
Projects and Special Investigations			
1. Projects	214	219	7.9
2. Special Investigations	110	0	0.0
Miscellaneous Audits	0	0	0.0
<b>Productive Days</b>	<b>1901</b>	<b>1759</b>	<b>63.8</b>
Other Activities			
1. Staff Training	92	120	4.4
2. Holidays, Sick & Special Leave	489	469	17.0
3. Admin, Planning, Control, Clerical Support etc	197	195	7.1
4. Contingencies	60	100	3.6
5. Voluntary Reduction in Hours	0	18	0.7
6. Vacancies	0	78	2.8
7. Non Audit Work	17	17	0.6
<b>Non Productive Days</b>	<b>855</b>	<b>997</b>	<b>36.2</b>
<b>Total Days</b>	<b>2756</b>	<b>2756</b>	<b>100.0</b>

## INTERNAL AUDIT ANNUAL PLAN 2015/16

Head of Service	Risk Rating	Days 2015/16	Type of Work
<b>Head of Education Planning &amp; Resources</b>			
Primary Schools	Medium	98	Assurance
Secondary Schools	Medium	40	Assurance
Special Schools	Medium	4	Assurance
School Funding & Information	Medium/High	15	Assurance
School Kitchens	Medium	10	Assurance
Civic Centre Catering	Medium	10	Assurance
Swansea Children's Centre	Medium	5	Assurance
<b>Total</b>		<b>182</b>	
<b>Head of Education Improvement</b>			
Support for the Arts	Medium	5	Assurance
<b>Total</b>		<b>5</b>	
<b>Head of Education Inclusion</b>			
Access to Learning - Management & Admin	Medium	10	Assurance
Psychology Service	Medium	5	Assurance
Recoupment	Medium	5	Assurance
SEN Statementing & Support	Medium	5	Assurance
Behaviour & Learning Support	Medium/Low	5	Assurance
Education Welfare Service	Medium	6	Assurance
<b>Total</b>		<b>36</b>	
<b>Education - Other</b>			
Community Focused Childcare Grant	N/A	5	Grant Certification
School Uniform Grant	N/A	3	Grant Certification
Foundation Phase Grant	N/A	5	Grant Certification
Schools Annual Report	N/A	3	Assurance
<b>Total</b>		<b>16</b>	
<b>Head of Child and Family Services</b>			
Youth Offending Service	Medium/High	10	Assurance
Use of Taxis - Authorisation	Medium	10	Assurance
Safeguarding	New	10	Assurance
<b>Total</b>		<b>30</b>	



## INTERNAL AUDIT ANNUAL PLAN 2014/15

Head of Service	Risk Rating	Days 2015/16	Type of Work
<b>Head of Adult Services</b>			
Unified Assessment of Care	Medium	20	Assurance
Taxi Framework Contract	Medium/High	10	Assurance
Supporting People Grant	N/A	10	Grant Certification
Victoria Park Kiosk	Medium/Low	5	Assurance
Adult Family Placements	New	10	Assurance
Establishments - Self Assessment Checklist	Medium/High	10	Assurance
<b>Total</b>		<b>65</b>	
<b>Directorate Services</b>			
No audits planned			
<b>Total</b>		<b>0</b>	
<b>Head of Poverty &amp; Prevention</b>			
Partnerships, Performance & Commissioning	New	15	Assurance
Young Peoples Service	Medium	15	Assurance
Community Food Growing Team	Medium	8	Assurance
Info-Nation	New	10	Assurance
Community Safety & CCTV	Medium	5	Assurance
Welsh Government Youth Strategy Grant	N/A	5	Grant Certification
<b>Total</b>		<b>58</b>	
<b>Head of Corporate Building &amp; Property Services</b>			
Heol y Gors - Estimating	Medium	15	Assurance
Heol y Gors - Plant	Medium	7	Assurance
Day to Day Repairs - Maintenance Section	Medium/High	25	Assurance
Facilities Management	Medium/Low	5	Assurance
Mail Room	New	5	Assurance
<b>Total</b>		<b>57</b>	
<b>Head of Waste Management</b>			
Domestic Refuse collection	Medium	10	Assurance
Waste Enforcement	New	10	Assurance
Parks Central Operations	Low	6	Assurance
<b>Total</b>		<b>26</b>	

## INTERNAL AUDIT ANNUAL PLAN 2014/15

Head of Service	Risk Rating	Days 2015/16	Type of Work
<b>Head of Highways &amp; Transportation</b>			
Concessionary Bus Fares	N/A	2	Assurance
Car Parks	Medium/High	20	Assurance
Taxi Framework Contract	Medium	10	Assurance
Clydach Depot - Stores	Medium	10	Assurance
Clydach Depot - Plant	Medium	10	Assurance
Streetworks	Medium	10	Assurance
Central Transport Unit - Fleet Maintenance	Medium/High	15	Assurance
Central Transport Unit - Fleet/Spot Hire	Medium	8	Assurance
Central Transport Unit - Fuel	Medium	10	Assurance
Highways Trading Account	New	10	Assurance
<b>Total</b>		<b>105</b>	
<b>Head of Housing &amp; Public Protection</b>			
Eastside District Housing Office	Medium	10	Assurance
Gorseinon District Housing Office	Medium	10	Assurance
West Cross District Housing Office	Medium	10	Assurance
Leasehold Properties	Medium	15	Assurance
Asylum Seekers	Medium/High	10	Assurance
Housing Partnerships	Medium	10	Assurance
National Home Improvement Loan Scheme	New	10	Assurance
Sheltered Housing Service	New	10	Assurance
Burials & Cremations	Medium	10	Assurance
Trading Standards Division	Medium	2	Assurance
Trading Standards NTSB Grant	N/A	5	Grant Certification
Rechargeable Works	Medium	15	Assurance
<b>Total</b>		<b>117</b>	
<b>Head of Cultural Services</b>			
Bishopston Sports Centre	Medium/Low	15	Assurance
Pentrehafod Sports Centre	Medium/Low	5	Assurance
Spot Checks	N/A	5	Assurance
Grand Theatre	Medium/High	25	Assurance
Branch Libraries	Medium/Low	10	Assurance
<b>Total</b>		<b>60</b>	

## INTERNAL AUDIT ANNUAL PLAN 2014/15

Head of Service	Risk Rating	Days 2015/16	Type of Work
<b>Head of Economic Regeneration and Planning</b>			
European Unit	Medium	5	Assurance
Rights of Way	New	10	Assurance
Rural Development Plan	High	10	Assurance
Planning & Enforcement	New	10	Assurance
Planning - AONB	New	10	Assurance
<b>Total</b>		<b>45</b>	
<b>Head of Communications &amp; Consultation</b>			
Executive Board Support	Medium	5	Assurance
Web Development	New	10	Assurance
<b>Total</b>		<b>15</b>	
<b>Head of Finance &amp; Delivery</b>			
Cashiers Office	Medium/High	5	Assurance
Write-off Requests by Departments	N/A	20	Assurance
Cashiers Write Offs	N/A	5	Assurance
Bank Reconciliation	High	10	Assurance
Petty Cash Accounts	Medium	5	Assurance
Insurance	Medium	10	Assurance
Grants Receivable	Medium/High	15	Assurance
Leasing	Medium	10	Assurance
Taxation - VAT	Medium	10	Assurance
Income Tax - Self Employed	Medium	5	Assurance
Pension Fund Other	New	10	Assurance
Trusts and Charities	New	10	Assurance
Budget Strategy & Setting Process	New	10	Assurance
NPT DEAR Grant	N/A	10	Grant Certification
Private Residential Care Charges	Medium/High	15	Assurance
Social Services Debt Recovery	High	15	Assurance
Short Term Care	Medium	10	Assurance
<b>Total</b>		<b>175</b>	
<b>Head of Legal, Democratic Services &amp; Procurement</b>			
Coroners Service	Medium/High	12	Assurance
P Cards	Medium	15	Assurance
Election Expenses	N/A	10	Assurance
<b>Total</b>		<b>37</b>	

## INTERNAL AUDIT ANNUAL PLAN 2014/15

Head of Service	Risk Rating	Days 2015/16	Type of Work
<b>Head of Human Resources</b>			
Flexicard Machines & Security	Medium/High	20	Assurance
HR Policies	New	10	Assurance
Employment of Agency Staff	New	10	Assurance
<b>Total</b>		<b>40</b>	
<b>Head of Information &amp; Business Change</b>			
Project Management Methodology	New	10	Assurance
Information Management	New	10	Assurance
ICT Contract Transfer	New	10	Assurance
<b>Total</b>		<b>30</b>	
<b>Fundamental Systems</b>			
Payroll	High	40	Assurance
Pensions Administration	High	20	Assurance
Teachers Pensions	Medium	15	Assurance
Accounts Receivable	High	35	Assurance
Business Rates	Medium	22	Assurance
Pension Fund Investments	High	7	Assurance
Housing Rents	Medium	20	Assurance
Accounts Payable	Medium	48	Assurance
Housing & Council Tax Benefit	Medium	40	Assurance
Capital Accounting	Medium	25	Assurance
Main Accounting	Medium	16	Assurance
<b>Total</b>		<b>288</b>	
<b>Contract Audits - Systems</b>			
<b>Legal</b>			
Acceptance of Tenders	Medium	10	Assurance
Liquidations	Medium/High	5	Assurance
<b>Procurement</b>			
Contract Register	Medium	10	Assurance
<b>Highways &amp; Transportation</b>			
Business Case, Tendering & Evaluation	Medium	20	Assurance
Control of Contracts	Medium	15	Assurance
<b>Corporate Building Services</b>			
Tendering	Medium	10	Assurance
<b>Finance/Legal</b>			
Insurance Cover & Performance Bonds	New	10	Assurance
<b>Total</b>		<b>80</b>	

## INTERNAL AUDIT ANNUAL PLAN 2014/15

Head of Service	Risk Rating	Days 2015/16	Type of Work
<b>Computer Audits</b>			
ICT Data Storage	Medium	5	Assurance
ICT Assets	Medium	10	Assurance
Firewall Controls - Corporate	Medium	5	Assurance
Firewall Controls - Education	Medium	5	Assurance
Virtual Server Environment	New	10	Assurance
Payment Card Industry - Data Security Standard	Medium	5	Assurance
Disaster Recovery & Business Continuity	Medium/High	10	Assurance
GCSX & Encryption	New	5	Assurance
Change Control ISiS	High	5	Assurance
Extraction of Data - Miscellaneous	N/A	10	Assurance
Duplicate Payments - Housing Benefits	N/A	5	Assurance
<b>Total</b>		<b>75</b>	
<b>Contract Audits</b>			
Final Accounts	N/A	3	Assurance
Financial Appraisal of Contractors for Tenders	N/A	5	Assurance
<b>Contract Audit - Total</b>		<b>8</b>	
<b>Projects and Special Investigations</b>			
Unpresented Cheques > £2,000	N/A	10	
NFI Data Matching Investigations	N/A	10	
Galileo Audit Management System	N/A	15	
Annual Plan & Annual Report	N/A	15	
Health & Safety Group	N/A	3	
Housing Benefits Adjudication Panel	N/A	1	
Recommendations Tracker	N/A	10	
Follow Ups	N/A	60	
P Card Review of Purchases	N/A	25	Assurance
Departmental Gifts & Hospitality Registers	New	10	Assurance
Review of Corporate Risks	New	25	Assurance
Added Value Work	New	25	Added Value
<b>Total</b>		<b>209</b>	
<b>Productive Days - Total</b>		<b>1,759</b>	

# Agenda Item 9

## Report of the Chair of Audit Committee

Audit Committee – 9 April 2015

### DRAFT AUDIT COMMITTEE ANNUAL REPORT 2014/15

<b>Purpose:</b>	This report provides the draft Audit Committee Annual Report 2014/15 municipal year
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss, review and contribute to the draft Audit Committee Annual Report 2014/15 prior to the report being presented to Council.
<b>Consultation:</b>	Legal, Finance and Access to Services
<b>Recommendation(s):</b>	It is recommended that  1) The Committee review and discuss the draft Audit Committee Annual Report 2014/15; 2) The Annual Report is presented to Council.
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Sharon Heys
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 The Council is required, under the Local Government (Wales) Measure 2011 to have an Audit Committee which among other things must include at least 1 lay member.
- 1.2 The Measure requires the Audit Committee to review and scrutinise the Council's financial affairs, risk management, internal control and governance arrangements. It also requires the Committee to oversee the Council's internal and external audit arrangements and review its financial statements.
- 1.3 The work of the Audit Committee is structured so that the Committee can gain assurance over the areas identified above

1.4 This report describes the assurance that has been gained by the Audit Committee from various sources during 2014/15 and also outlines a number of other areas where briefings have been provided to the Committee.

## 2. Committee Membership

2.1 The membership of the Audit Committee during 2014/15 is shown in the following table

Mr AM Thomas – Lay Member & Chair	Cllr PM Meara
Cllr RA Clay	Cllr G Owens
Cllr P Downing	Cllr JA Raynor replaced by Cllr D Phillips 30/09/14
Cllr R Francis-Davies replaced by Cllr AM Cook 30/09/14	Cllr RV Smith
Cllr PR Hood-Williams	Cllr DWW Thomas
Cllr L James	Cllr LV Walton
Cllr JW Jones – Vice Chair	

2.2 The Committee met on 9 occasions during 2013/14 not including the current meeting with attendance over the course of the year being 67%

## 3. Internal Audit Assurance

3.1 The Audit Committee approved the Internal Audit Charter as required by the Public Sector Internal Audit Standards

3.2 The Audit Committee also approved the Internal Audit Annual Plan and has also received quarterly monitoring reports from the Chief Auditor showing progress against the Plan.

3.3 The quarterly monitoring reports also identified any audits that received a 'moderate' or 'limited' level of assurance along with an outline of the issues which led to the audit receiving the negative assurance level.

3.4 The Internal Audit Annual Report 2013/14 was reported to the Audit Committee which included a review of actual work completed compared to the Annual Plan.

3.5 The Internal Audit Annual Report also included the Chief Auditor's opinion on the internal control environment for 2013/14 which stated that based on the audit testing carried out 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.

3.6 The Internal Audit Annual Report of School Audits 2013/14 was presented to the Audit Committee. This report summarised the school audits undertaken during 2013/14 and identified some common themes identified across school audits. This report identified that procurement was the area which led to the most audit recommendations being made and as a result a briefing was provided to the Committee by the Procurement Section. Following the briefing, the Chair discussed the procurement issues the Cabinet Member for Education and the Committee provided a written submission to the School Governance Scrutiny Working Group.

#### **4. Annual Governance Statement 2013/14**

4.1 The draft Annual Governance Statement 2013/14 was presented to the Audit Committee prior to being reported to Cabinet for approval. This gave the Committee the opportunity to review and comment upon the Statement.

#### **5. Annual Statement of Accounts 2013/14**

5.1 The Head of Finance and Delivery presented the draft Statement of Accounts 2013/14 for the Council and the Pension Fund to the Committee and answered a number of queries raised by members of the Committee.

5.2 Following the audit of the Statement of Accounts 2013/14, PwC on behalf of the Wales Audit Office presented its Audit of Financial Statements reports to the Audit Committee. The reports presented the detailed findings of the audit and stated that an unqualified audit report on the financial statements had been issued

#### **6. External Audit Assurance**

6.1 As well as the Audit of the Statement of Accounts reports mentioned above, the external auditors also provided assurance to the Audit Committee by presenting the following reports

- Annual Financial Outline 2014/15 – City and County of Swansea
- Annual Financial Outline 2014/15 – City & County of Swansea Pension Fund
- Internal Controls Report 2013/14
- Annual Audit Letter 2013/14
- Certification of Grants and Returns 2012/13
- Audit Completion Certificate 2013/14 - Update



## **7. Implementation of Audit Recommendations**

- 7.1 An important role undertaken by the Audit Committee is monitoring the implementation of agreed audit recommendations arising from both internal and external audits.
- 7.2 The implementation of any Internal Audit recommendations arising from the fundamental audits is reported to the Audit Committee in the Recommendations Tracker report. For 2013/14, the results of the tracker exercise were extremely positive with 95% of agreed recommendations due for implementation by 31<sup>st</sup> January 2015 being implemented
- 7.3 The implementation of any high or medium risk recommendations arising from non-fundamental audits is subject to follow up procedures by Internal Audit to confirm they have been implemented. The results of the follow ups are reported in the quarterly Internal Audit Monitoring Reports.
- 7.4 A number of follow up audits were reported to the Committee in the quarterly monitoring reports and in most cases it was found that substantial progress had been made by management if implementing the agreed recommendations. However there were a small number of audits where the non implementation of recommendations at the time of the follow up visit was escalated to the relevant Head of Service or Chair of the Governing Body in the case of schools.
- 7.5 The Internal Controls Report presented to the Audit Committee by the external auditors shows any recommendations made as a result of their work and the action taken by management to implement the recommendations.

## **8. Risk Management**

- 8.1 The Local Government (Wales) Measure 2011 makes the overview of risk management function of the Audit Committee
- 8.2 An update on Risk Management was provided to the Committee by the Head of Finance and Delivery and an annual review of Risk Management for 2014/15 is to be provided to the April 2015 meeting of the Committee.

## **9. Performance Audit**

- 9.1 For the first time, the Audit Committee received regular briefings from the Wales Audit Office on the performance audit work being undertaken within the City and County of Swansea

9.2 The Wales Audit Office's Performance Audit Plan 2014/15 was reported to the Committee and regular updates on progress against the Plan were provided by the Wales Audit Office throughout the year.

## **10. Relationship with Scrutiny Function**

10.1 The Chair met with the Chair and Vice Chair of the Scrutiny Programme Committee to discuss developing the relationship between the Audit Committee and Scrutiny. The objectives of the meeting were

- Mutual awareness and understanding of the work of Scrutiny and the Audit Committee
- Respective workplans are coordinated to avoid duplication / gaps
- Clear mechanism for referral of issues if necessary

10.2 A series of actions were agreed at the meeting including the sharing of agendas and workplans, Chairs to attend each others meetings periodically and relevant matters to be referred by letter where necessary.

## **11. Briefings**

11.1 The Audit Committee also received a number of briefings during 2014/15 as noted below

- Housing Benefits Investigation Team - Annual Report 2013/14
- Coastal Project
- School Budget Delegation
- Council Tax Single Person Discount
- Waste Management
- Procurement by Schools
- Internal Audit Plan Methodology
- All Wales Audit Committee Chairs Group
- Peer Review
- Corporate Governance Review

## **12. Audit Committee – Performance Review**

12.1 The Audit Committee undertook a review of its performance during 2014/15 using a Self Assessment of Good Practice Questionnaire published by CIPFA in its *Audit Committees – Practical Guidance for Local Authorities and Police Bodies* publication.

12.2 The outcome of the performance review was that the Committee felt that it was generally performing well measured against the Questionnaire although some issues were identified where improvements could be made to ensure the Committee was following

best practice. The issues, which will be addressed during 2015/16, are shown below

- The Committee should consider ways of ensuring that its role and purpose is understood by relevant persons/groups across the Authority
- The Committee should formally consider the wider areas of responsibility put forward by CIPFA.
- The Committee's membership should be assessed against the core knowledge and skills framework put forward by CIPFA.
- A series of training updates for the Committee should be arranged for early in the new municipal year.
- The Committee should consider ways of obtaining formal feedback on its performance from those who interact with the Committee and rely on its work.
- The Committee should consider ways of evaluating how it is adding value to the Council and how this can be captured and recorded.

### **13. Future Audit Committee Meetings**

- 13.1 The Council Diary for the new municipal year includes Audit Committee meetings on a 2 monthly basis. The change is based on experience over the last 2 years.
- 13.2 Meetings will now be held on the 3<sup>rd</sup> Tuesday of every 2<sup>nd</sup> month and will start at 2pm.
- 13.3 The Committee will have the ability to call additional meetings if necessary.

### **14. Equality and Engagement Implications**

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

### **15. Financial Implications**

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

### **16. Legal Implications**

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

**Background Papers:** None.

**Appendices:** None.

# Agenda Item 10

## Report of the Head of Finance & Delivery

Audit Committee – 9 April 2015

### AUDIT COMMITTEE – WORKPLAN

<b>Purpose:</b>	This report details the Audit Committee Workplan to May 2015 and provides an outline Workplan for the 2015/16 Municipal year.
-----------------	---

<b>Report Author:</b>	Paul Beynon
-----------------------	-------------

<b>Finance Officer:</b>	Paul Beynon
-------------------------	-------------

<b>Legal Officer:</b>	Sharon Heys
-----------------------	-------------

<b>Access to Services Officer:</b>	Sherill Hopkins
------------------------------------	-----------------

#### FOR INFORMATION

#### 1. Introduction

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

1.2 A draft Workplan for the following municipal year is also attached in Appendix 2. The draft Plan is based on the 8 weekly cycle for meetings which has been included in the Council Diary 2015/16 and will be put forward to Council for approval in May 2015.

#### 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:** Non.e

**Appendix 1** – Audit Committee Workplan 2014/15.

**Appendix 2** – Draft Audit Committee Workplan 2015/16.

**AUDIT COMMITTEE WORKPLAN 2014/15**

<b>Date of Meeting</b>	<b>Reports</b>
9 <sup>th</sup> April 2015	Peer Review – Briefing Corporate Governance Review – Briefing Risk Management Annual Review 2014/15 Internal Audit Charter 2015/16 Internal Audit Annual Plan 2015/16 Draft Audit Committee Annual Report 2014/15

## DRAFT AUDIT COMMITTEE WORKPLAN 2015/16

Date of Meeting	Reports
23 June 2015	Key Issues for Audit Committees – Wales Audit Office Briefing ICT Contract Transfer – Briefing Wales Audit Office – Corporate Assessment Wales Audit Office Performance Audit Work 2015/16 Internal Audit Monitoring Report Q4 2014/15 Bad Debt Write Offs – Briefing External Auditor Annual Financial Audit Outline 2014/15
18 August 2015	Draft Statement of Accounts 2014/15 Draft Annual Governance Statement 2014/15 Internal Audit Annual Report 2014/15 Annual Report of School Audits 2014/15 Internal Audit Monitoring Report Q1 2015/16
27 October 2015	Wales Audit Office Performance Audit – Mid Term Report Housing Benefit Investigation Team Annual Report 2014/15 Audited Statement of Accounts 2014/15 PwC ISA 260 Report 2015/16 Audit Committee Annual Report 2014/15 – follow up
22 December 2015	PwC Controls Report 2014/15 PwC Annual Audit Letter 2014/15 Risk Management Half Yearly Review 2015/16 Internal Audit Monitoring Report Q2 2015/16 Recommendations Tracker Report 2014/15
23 February 2016	Wales Audit Office Performance Audit Update Internal Audit Monitoring Report Q3 2015/16 Internal Audit Plan 2016/17 - Methodology Audit Committee Review of Performance 2015/16
26 April 2016	External Auditor Annual Financial Audit Outline 2015/16 Internal Audit Charter 2016/17 Internal Audit Annual Plan 2016/17 Risk Management Annual Review 2015/16 Draft Audit Committee Annual Report 2015/16