

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: Tuesday, 19 April 2016

Time: 2.00 pm

Chair: Mr Alan M Thomas

Membership:

Councillors: C Anderson, R A Clay, T J Hennegan, P R Hood-Williams, L James, J W Jones, P M Meara, D Phillips, R V Smith, C Thomas, L V Walton and T M White

The use of Welsh is welcomed. If you wish to use Welsh please inform us by noon on the working day before the meeting.

AGENDA

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2 Disclosures of Personal and Prejudicial Interests. http://www.swansea.gov.uk/DisclosuresofInterests	
3 Minutes. To approve as a correct record the Minutes of the previous Audit Committee meetings.	1 - 12
4 WLGA Peer Review - Progress Update. (Verbal)	
5 Wales Audit Office - City and County of Swansea 2016 - Audit Plan.	13 - 28
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Next Meeting: To be confirmed.



Patrick Arran
Head of Legal and Democratic Services
Tuesday, 12 April 2016

Contact: Democratic Services

CITY AND COUNTY OF SWANSEA

MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON
TUESDAY, 16 FEBRUARY 2016 AT 2.00 PM

PRESENT: Mr A M Thomas (Independent Chair) Presided

Councillor(s)

C Anderson
L James
D Phillips
L V Walton

Councillor(s)

T J Hennegan
J W Jones
R V Smith

Councillor(s)

P R Hood-Williams
P M Meara
D W W Thomas

Officer(s)

Mike Hawes	- Head of Finance & Delivery / Section 151 Officer
Brian Roles	- Head of Education Planning and Resources
Mike Hawes	- Head of Finance & Delivery / Section 151 Officer
Louise Herbert-Evans	- Education Project Manager
Paul Beynon	- Chief Auditor
Sharon Heys	- Solicitor
Suzanne Mort	- Democratic Services
Jeremy Parkhouse	- Democratic Services Officer

Also Present

Steve Barry	- Wales Audit Office
Geraint Norman	- Wales Audit Office

Apologies for Absence

Councillor(s): R A Clay and T M White

59 **WELCOME - WALES AUDIT OFFICE.**

The Chair, on behalf of the Audit Committee, welcomed Geraint Norman, Wales Audit Office to the meeting. It was explained that the Wales Audit Office had taken over from PricewaterhouseCoopers as external auditors.

60 **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 C Anderson – Minute No.64 – Internal Audit Monitoring Report Q3 2015/16 – Primary Care and Family Centre in Mayhill - personal.

Councillor P R Hood-Williams - Minute No.64 - Internal Audit Monitoring Report Q3 2015/16 – Governor of Crwys and Cila Community Primary Schools - personal.

Councillor L James - Minute No.64 - Internal Audit Monitoring Report Q3 2015/16 – Governor of Pennard Primary School - personal.

Councillor J W Jones - Minute No.64 - Internal Audit Monitoring Report Q3 2015/16 – Wife is Chair of Governors at Hendrefoilan School - personal.

61 **MINUTES.**

RESOLVED that the Minutes of the meeting of the Audit Committee held on 15 December 2015 be approved as correct record.

62 **WALES AUDIT OFFICE PERFORMANCE AUDIT UPDATE.**

S Barry, Wales Audit Office presented the Wales Audit Office 2015-16 Work Programme Update for February 2016. Details were provided on the following: -

- Corporate Assessment Follow Up;
- Financial Resilience;
- Corporate Improvement Plan Audit;
- Improvement Plan Audit;
- Annual Improvement Report (AIR);
- The Strategic Approach of Councils to Income Generation and Charging for Services;
- Council Funding of Third-Sector Services;
- The Effectiveness of Local Community Safety Partnerships;
- National Report Recommendation Follow Up.

Discussions centred around the following: -

- Sharing good practice between authorities in relation to income and charging;
- Cascading summaries of national reports to authorities;
- Council funding of third sector services and broadening consultation to community organisations, particularly sports clubs;
- Value for money, financial responsibility, financial management, governance and effectiveness of partnership working/partners;
- Concerns in relation to unelected bodies, particularly ERW Regional Consortium.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) The Chair writes to the Wales Audit Office outlining concerns in relation to the ERW Regional Consortium.

63 **RISK MANAGEMENT - UPDATE.**

The Head of Finance and Delivery provided the Committee with a detailed and informative verbal update regarding risk management.

He referred to the processes undertaken within the Authority regarding service and performance planning within departments that used a balanced scorecard to manage and monitor risk. This reflected the ongoing workload of the Executive Board and monitored the 4 key areas of finances and forward planning; workforce; customers; departmental performance management.

He highlighted risks relating to finance, specifically the late announcement by the Welsh Government relating to funding on 9 March 2016 which posed a huge risk to Council Tax billing for the Authority in April 2016. He added that business plans within services should link directly with corporate risks.

The Committee asked the Officer a number of questions, which were responded to accordingly. Discussions centred around the following: -

- Identifying new risks going forward and monitoring processes;
- Management of financial reserves and the achievement of financial savings by effective financial planning;
- Potential risks in the future arising from the devolution of tax raising powers;
- Risks relating to the proposed Local Government re-organisation;
- Risks relating to the key areas such as safeguarding and schools and the extent to which these are influenced by external bodies;
- Changes taking place in the Council's risk profile;
- The inclusion of risk management in the Governance Review and the potential for Councillors to have access to the risk register.

RESOLVED that: -

- 1) The contents of the update be noted;
- 2) The Chair and Head of Finance and Delivery draft a response to the Welsh Government regarding the late announcement of funding;
- 3) The Head of Legal and Democratic Services be requested to consider Councillor access to the risk register in the forthcoming Governance Review report.

64 **RECOMMENDATIONS TRACKER REPORT 2014/15.**

The Chief Auditor presented the Fundamental Audits 2014/15 – Recommendations Tracker report. The report provided a summary of the recommendations made following the fundamental audits 2014/15 and identified whether the agreed recommendations had been implemented.

For the 2014/15 Annual Plan, a risk based approach was taken to fundamental audits and any audits which had received the highest level of assurance for 3 consecutive years were moved to a 2 year cycle of audits. Appendix 1 provided, for each fundamental audit, the number of recommendations made following the 2014/15 audits and whether they had been implemented, partly implemented, not implemented or were not yet due.

The latest position on the 52 recommendations made was summarised in the following table: -

Recommendations	Number	%
Implemented	33	63.5
Partly Implemented	4	7.7
Not Implemented	5	9.6
Not Yet Due	10	19.2
Total	52	100

Ignoring the recommendations which were not yet due for implementation, the percentage of recommendations implemented by 31 December 2015 was 79%. There were 10 recommendations which were not yet due, of which 8 related to Payroll, where an electronic solution was being developed and was scheduled to be completed by 1 April 2016. In addition, Accounts Receivable had only completed 50% of the 12 agreed recommendations by the end of December 2015. However, it was noted that the Section had suffered from staffing issues including staff leaving and staff sickness.

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 attached at Appendix 2. The recommendations which had been partly or not implemented were shown at Appendix 3.

It was concluded that overall the results of the Recommendations Tracker exercise to the end of December 2015 were positive with 79% of agreed recommendations due for implementation already implemented. However a number of recommendations were not due for implementation by the end of December but a review of progress in implementing these recommendations had shown that progress was being made and it was expected that the recommendations would be implemented by the due date. A further review of the recommendations which had been partly or not implemented would be undertaken during the fundamental audit for 2015/16.

The Committee asked the Officer questions, who responded accordingly. Discussions centred around the following: -

- Staff risk due to sickness and minimising the impact of stress as a result of less staff in the organisation;
- Merging teams, additional training for staff and the support available to staff within the Authority;
- The change proposed in Accounts Receivables by adding interest to invoices;
- Reducing the backlog of unidentified / unallocated receipts;
- Costs relating to debt write offs;
- Improvements made by moving responsibility for the recovery of Social Services debts and financial assessments to Finance and Delivery;
- Procedures followed regarding debt recovery, particularly in respect of smaller debts and use of court bailiffs;
- Division of duties to lessen the risk of fraud with non-teaching staff;

- Pension estimates and lump sum calculations.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) An update report on the level of write offs be added to the workplan.

65 **INTERNAL AUDIT MONITORING REPORT Q3 2015/16.**

The Chief Auditor reported the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2015 to 31 December 2015.

A total of 22 audits were finalised during Quarter 3. The audits finalised were listed at Appendix 1, which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed. A total of 217 audit recommendations were made and management agreed to implement 215 recommendations i.e. 99.1% against a target of 98%.

An analysis of the recommendations agreed during Quarter 3 was provided. Appendix 2 showed each audit included in the Plan approved by Committee in April 2015 and identified the position as at 31 December 2015 for each audit.

Appendix 3 showed brief details of the significant issues which led to 5 audits being considered to be moderate. There were other less significant findings also included in the final audit reports issued to management.

A Management Action Plan which includes a series of recommendations to address the issues arising from each audit receiving a negative level of assurance has been agreed with management. A follow up audit will be arranged within 6 months of the final report being issued to confirm that the agreed recommendations have been implemented.

Details of follow ups completed between 1 October 2015 and 31 December 2015 were provided. It was reported that a follow up visit to the Music Service found that substantial progress had been made with all but one of the agreed recommendations being fully implemented. The outstanding recommendation had been subject to the preparation of a business case to purchase a bespoke system to administer recharges, which at the time of the follow-up was awaiting management approval.

The Committee commented on the following: -

- Audits completed relating to grants received at the request of outside bodies, e.g. ERW and the costs / time incurred by the Authority;
- Effect of such audits upon the audit plan and which organisation has the responsibility for paying for such audits;
- Audits of Trading Standards, Car Parks and Pentrehafod Pool and Sports Hall;
- Sickness levels compared to previous years' records;
- Follow up visit to the Music Service.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) The impact of high sickness levels for internal audit compared to previous years be reported to the Committee.

66 **INTERNAL AUDIT PLAN 2016/17 - METHODOLOGY.**

The Chief Auditor provided a briefing to the Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2016/17 being reported to the Committee for approval in April 2016.

The Internal Audit Plan Methodology was provided. It was added that the requirement to produce an Internal Audit Annual Plan is included in the Public Sector Internal Audit Standards (PSIAS) which are mandatory for all internal audit providers in the UK public sector.

An extract of the PSIAS requirements regarding internal audit planning was attached at Appendix 1. A copy of the Risk Assessment form used was attached at Appendix 2.

The Committee discussed the following: -

- Auditing every area of the Authority within a 5 year period;
- Methods of working used by Internal Audit, i.e. negotiating with different service areas, number of audits undertaken in certain service areas and political awareness;
- Impact of Sustainable Swansea upon audit work;
- How major changes within the Authority effects the Audit Plan.

RESOLVED that the methodology for preparing the Internal Audit Annual Plan 2016/17 be noted.

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

The Chief Auditor reported a draft Self-Assessment Questionnaire as a basis for a review of the Committee's performance in 2015/16 which would be used to inform the Committee's Annual Report.

RESOLVED that: -

- 1) The draft Self-Assessment Questionnaire be noted;
- 2) The completed Questionnaire be used as the basis for the Audit Committee Annual Report 2015/16.

68 **AUDIT COMMITTEE WORK PLAN.**

The Audit Committee Workplan to May 2017 was provided for information.

It was added that details of a training session would be added in March 2016.

69 **EXCLUSION OF THE PUBLIC.**

The Committee was requested to exclude the public from the meeting during consideration of the item(s) of business identified in its recommendation(s) to the report on the grounds that it/they involve(s) the disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, relevant to the item(s) of business set out in the report.

The Committee considered the Public Interest Test in deciding whether to exclude the public from the meeting for the items of business where the Public Interest Test was relevant as set out in the report.

RESOLVED that the public be excluded for the following items of business.

(CLOSED SESSION)

70 **YGG LON LAS LESSONS LEARNED - REFERRAL FROM CABINET.**

RESOLVED that: -

- 1) The item be deferred to a Special Audit Committee meeting;
- 2) The date and time of the Special Audit Committee be circulated in due course.

The meeting ended at 4.25 pm

CHAIR

CITY AND COUNTY OF SWANSEA

MINUTES OF THE AUDIT COMMITTEE

HELD AT COUNCIL CHAMBER, CIVIC CENTRE, SWANSEA ON
TUESDAY, 22 MARCH 2016 AT 2.30 PM

PRESENT: Mr A M Thomas (Chair) (Minute No.72)
And Councillor J W Jones (Vice Chair) (Minute No.71) presided

Councillor(s)	Councillor(s)	Councillor(s)
C Anderson	R A Clay	T J Hennegan
P R Hood-Williams	L James	J W Jones
R V Smith	L V Walton	T M White

Officer(s)

Paul Beynon	- Chief Auditor
Sharon Heys	- Solicitor
Brian Roles	- Head of Education Planning and Resources
Louise Herbert-Evans	- Head of Capital Planning and Delivery Unit
Andrew Shaw	- Group Leader, Technical Services
Jeremy Parkhouse	- Democratic Services Officer

Also Present:

David Williams - Wales Audit Office

Apologies for Absence

Councillor(s): P M Meara, D Phillips and C Thomas

71 **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 T J Hennegan – Minute No. 72 – Chair / Convenor of the Sustainable Communities Scrutiny Panel – personal.

Councillor T M White- Minute No.72 – LEA Governor at Pentrehafod School – personal.

72 **NEW BUILD FOR YGG LON LAS - REFERRAL FROM CABINET.**

The Director of People presented a report regarding the New Build for YGG Lon Las. It was explained that on 17 September, 2015, Cabinet referred the decisions and plans with regard to the capital programme authorisation for YGG Lôn Las new build project to the Audit Committee, this being in the interest that lessons may be learned and adopted within future projects.

The background to the 21st Century schools programme was provided. It was outlined that in December 2011 approval in principle was granted by the Welsh

Government to proceed with the Band A projects outlined in the Authority's Strategic Outline Programme (SOP) which provided an overarching view of the strategy. This approval was subject to contract and an Authority contribution of 50% towards the overall costs.

SOPs were devised to support the development and agreement of programmes in support of an agreed strategy/ strategies and secure an overall funding envelope, which in Swansea's case is £51m for Band A. It was unrealistic to expect that the values and detail within that programme would remain constant in any event during the lifecycle of that programme. Authorities are required to provide Welsh Government (WG) with a funding matrix, which sets out the funding profile for the duration of the programme, which in the case of Band A extends from 2011/12 to 2018/19. This matrix was adjusted to reflect the variances in project costs and programming, whilst seeking to maintain the required WG contribution for each year and the overall 50 / 50 split in contributions, so as to avoid the loss of the WG contribution. All of the business cases for projects forming part of Band A submitted to Welsh Government were therefore underpinned by the Strategic Outline Programme (SOP). Individual projects could only then be approved subject to receipt of a satisfactory business case.

The process for projects over and under £5m was provided, including details of the Five Case Business Model required by the Welsh Government. It was added that those five areas were examined at each stage of the Business Case.

The Royal Institute of British Architects Plan of Work 2013 which comprised eight work stages, each with clear boundaries, and detailed the tasks and outputs required at each stage. The cost planning and procurement process were also reported.

The governance and gateway review was outlined and it was added that throughout the lifecycle of the YGG Lôn Las project, regular reports had been made to the QEd Programme Board, underpinned by established risk management practices and issues and risks escalated as appropriate.

YGG Lôn Las new build, formed part of Band A of The Strategic Outline Programme (SOP), detailing the re-organisation and investment needs for Schools across Swansea which was submitted to the Welsh Government in 2010. The school operated out of failing, expensive to maintain buildings which were not fit for purpose for the needs of 21st century teaching and learning against a backdrop of the growing demand within the Swansea area for Welsh- medium education. Key within the transformational agenda within the QEd 2020 programme had been the need to address the issue of failing buildings. The YGG Lôn Las site was fragmented and had buildings in various states of disrepair thus constraining the delivery of foundation phase curriculum. A new purpose built primary school would enable the principles of all through primary education to be fully realised. The new school, due to be ready for occupation in September, 2017 will provide a 525 place primary school plus nursery and will be a 2.5 Form Entry school of traditional construction.

The objectives of the project and project programme were provided, including key milestones. In November 2014 the recommendation to appoint Dawnus Construction to carry out the pre-construction design service for the sum of

£353,265.80 was approved by virtue of a Delegated Powers Report and the company was formally appointed to carry out this pre-construction design phase and submit a suitable planning application for consideration. This phase completed in May 2015 culminating in a planning application on 29 May 2015, and planning approval on 8 September 2015. The planning applications for the temporary site at YG Y Cwm in Bonymaen and the temporary staff car park at Cefn Hengoed were approved on the 14 September 2015.

The report presented to Cabinet on 17 September 2015 sought approval to progress with the construction of the new YGG Lôn Las at Walters Road, Llansamlet and the construction of the temporary school in Bonymaen. The temporary facilities involved the utilisation of the YG Y Cwm infant building and the provision of demountables at the site. Given the funding constraints set by the Welsh Government, the report sought approval to progress at risk with the creation of the temporary facilities ahead of Welsh Government approval of the Full Business Case anticipated in October.

Cabinet approved the continuation of the project and authorised a variation to the stage one pre-construction contract previously entered into with Dawnus Construction Ltd in November 2014. The value of the Stage One pre-construction contract was increased from £353,265.80 to £1,103,265.80, to enable the development of temporary facilities for YGG Lôn Las pupils to commence earlier than the award of the Stage Two contract.

The report also detailed the cost plan, reasoning for choice of site, Welsh Government conservation area consent and Cadw Planning response. The reasons, process and costs of locating to temporary school facilities were given.

In addition, the summary of the business case development timetable, the new build cost per pupil comparison and key dates for stakeholder engagement were highlighted.

It was concluded that the development of the business case for the new build for YGG Lôn Las had taken place over a five year period commencing with the approval of the Strategic Outline Programme in 2010. The process resulted in the scope of the project changing twice (in response to uncontrollable external factors) from complete rebuild, to partial rebuild to the final approved scope complete rebuild. These changes reflected the effective review of the economic case for the project in conjunction with subject matter experts and Welsh Government colleagues. Both the new build and temporary arrangements were subject to economic appraisals, which were approved at all stages of the business case process by Welsh Government. The two areas of apparent slippage were programme and cost.

The protracted business case development process which the project dictated, resulted in the slippage of the project beyond the parameters originally provided in the spend profile agreed with Welsh Government and contained in the 21st Century Schools financial matrix. The changes in the cost plan since SOP/SOC stage could be attributed to a number of factors and these were outlined.

Despite this however, the project has been managed within the parameters of the programme envelope, both in terms of time and cost. The remaining projects within the programme which were at different stages of progress were summarised in the report. Lessons had already been learned and were being implemented in the delivery of these outstanding projects.

For future programmes, possible strategies to improve the robustness of the individual components of the programme could include;

- Establishing a more robust case for the preferred way forward for each project prior to the submission of the SOP. This may have involved for example, increasing project intelligence by for example, where appropriate, the earlier commissioning of detailed site investigations (with provision of the necessary feasibility budget).
- Reviewing the means of cost planning at SOP development stage, ensuring that all costs were accounted for and adequate contingency/optimism bias allowances were made. This point had in reality already been addressed as more robust cost planning had already been implemented and optimism bias applied appropriately.

It was added that Welsh Government advised that capital expenditure could include any architects and surveyors fees where they led to the acquisition or the construction of a building, and they would therefore consider professional fees from RIBA Stage 2 onwards (architects design fees etc.) to be capital if the appropriate business case was approved and the asset was created/built. However, where the fees were incurred in the very early stages of a capital programme, relating to the inception and strategic briefing stages (RIBA Stages 1-2), they would be deemed revenue activities. This would require, provision of an adequate budget and appropriate resource to facilitate business case development at risk and prior to SOP submission.

Whilst YGG Lôn Las was not affected by school organisation proposals e.g. closures and amalgamations, it was important to continue to ensure that all such proposals were completed where possible prior to SOP submission to ensure that proposals were deliverable and within the proposed timescales.

The Committee asked a number of questions of the Officers, who responded accordingly. Discussions centred around the following areas: -

- Collaborative procurement route;
- South West Wales Framework tender evaluation process;
- Advantages of two stage tendering process;
- Level of contingency built into each stage;
- The benefit of early engagement with contractors;
- Fee income compared to costs and how such 'internal money' was calculated;
- Responsibility for payment for equipment, which is largely for schools to cover;
- Welsh Government process requirements;

- Involvement of Internal Audit in the process;
- The original plan to remain 'on site', the involvement of Llansamlet Ward Members in the process and the reputational damage to the Authority following the need for a full decant to the temporary site;
- Additional costs incurred as a result of a full decant to the temporary site;
- Why work to assess the groundworks at the site could not have been completed much earlier in the project and the need for more funding to be available at this stage;
- Why alternative sites highlighted by Llansamlet Ward Members could not have been considered as potential sites and how decisions were perceived by the local community;
- Costs per pupil of the project being very good;
- How more notice could have been taken in the Business Case Development in relation to additional costs;
- Stage 5 construction – use of local contractors as required by Welsh Government;
- Programme Management arrangements;
- Significant financial savings made by the project and how these were achieved;
- Consultation process;
- Planning process and health and safety issues;
- The importance of learning lessons from this project;
- The suggested need for clearer accountability within the Authority with regard to the oversight of all major building projects, and possible need to appoint a senior responsible officer for all such projects;
- Programme governance and findings of the external Gateway Review;
- Risk assessments undertaken as part of the project plan;
- The Welsh Government to recognise recognising that funding needs to be made available at key early stages in project planning;
- Sufficient resources being made available to the project team to meet the requirement for thorough and proper initial planning for projects.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) The Chair / Chief Auditor draft a report summarising the key lessons to be learned, for consideration by the Audit Committee prior to being submitted to Cabinet.

The meeting ended at 4.30 pm

CHAIR



2016 Audit Plan

City and County of Swansea

Audit year: 2015-16

Issued: February 2016

Document reference: 194A2016

Status of document

This document has been prepared for the internal use of City and County of Swansea as part of work performed/to be performed in accordance with statutory functions.

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2016 Audit Plan

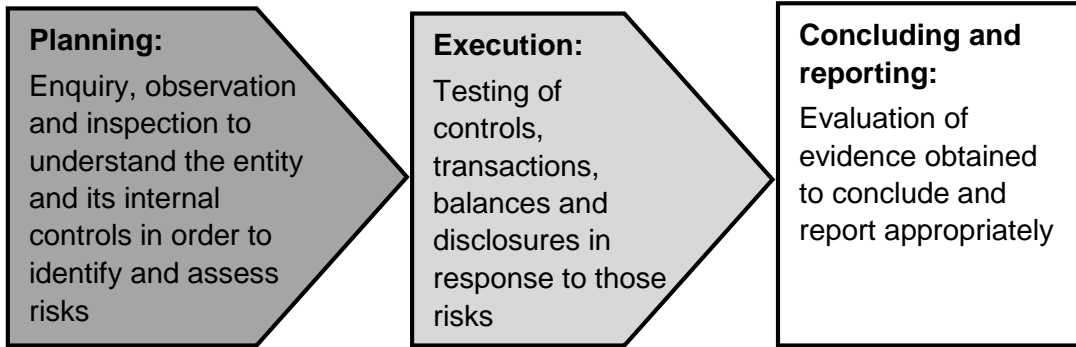
Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’;
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it. There have been no limitations imposed on me in planning the scope of this audit.
3. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Financial audit

4. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’.
5. I also consider whether or not the City and County of Swansea (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
6. [Appendix 1](#) sets out my responsibilities in full.
7. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: My audit approach



8. The risks of material misstatement and which therefore require audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: Financial audit risks

Financial audit risk	Proposed audit response
<p>Risk of management override</p> <p>The risk of management override of controls is present in all organisations. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; • evaluate the rationale for any significant transactions outside the normal course of business; and • incorporate an element of ‘unpredictable audit work’, which varies each year.
<p>Risk of fraud in revenue recognition</p> <p>The level of income collected by the Council means that there is an inherent risk of material misstatement due to fraud in revenue recognition and as such is treated as a significant risk [ISA 240.26-27].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of a sample of journals processed to income and non-pay expenditure ledger codes during the year; • review the application of relevant accounting policies to ensure that they are in compliance with accounting standards; and • analyse the various income streams and perform substantive procedures on a sample basis to ensure that income and has been appropriately accounted for in the correct period.

Financial audit risk	Proposed audit response
<p>Risk of error with the valuation of property, plant and equipment (PPE) and investment properties</p> <p>The Council is required to ensure that for PPE and Investment Properties held on the balance sheet the carrying amount is not materially different from the fair value of these assets at the year-end. This valuation process and the underlying assumptions adopted are subject to a number of judgements and changes in approach in 2015-16.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> consider the appropriateness of the Council's proposed approach to the valuation of PPE and Investment Properties; and test the valuation of such assets on a sample basis using internal valuation specialists as appropriate.
<p>Risk of provisions being materially misstated</p> <p>The Council's 2014-15 financial statements include a number of material provisions. These provisions will again be required in 2015-16 and by their nature they are uncertain and require a high degree of estimation. These include provisions for the future maintenance of land-fill sites and employee related expenses.</p>	<p>My audit team will review all material provisions to ensure that they are fairly stated.</p>
<p>Disclosure risks</p> <p>My audit team has held initial planning discussions with the Council which have identified a number of areas for further work including:</p> <ul style="list-style-type: none"> whether or not the Council is required to compile Group Accounts; and what staff exit costs are disclosed in the financial statements. 	<p>My audit team will discuss these issues further with the Council ensuring disclosure requirements are complied.</p>

9. I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
10. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
11. My fees are based on the following assumptions:
 - information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit; and

- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me.
12. In addition to my responsibilities in respect of the audit of the Council's financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of the 'Whole of Government Accounts'.
 13. I am also responsible for the audit of the City and County of Swansea Pension Fund's financial statements for which a separate Audit Plan has been issued.
 14. Finally, we are also required to audit the financial statements of the Swansea Bay Port Health Authority. A separate Audit Plan and fee will be agreed for this work.

Certification of grant claims and returns

15. I have been requested to undertake certification work on the Council's grant claims and returns. The grant certificate programme for 2015-16 has not yet been finalised. In order to provide you with an indication of the likely cost of grant certification work I have based the audit fee on the 2014-15 programme. My estimated audit fee for this work is £100,000 as set out in [Exhibit 5](#).

Performance audit

16. The components of my performance audit work are shown in [Exhibit 4](#) and have been designed in order to help deliver the high-level objectives set out in [our 2013-2016 corporate strategy](#).

Exhibit 4: Components of my performance audit work



-
17. Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies will be required to adopt the principle of sustainable development from April 2016, and the draft Local Government (Wales) Bill proposes fewer councils and a renewed performance framework. The Minister for Public Services has publicly stated that he would like to see a refreshed audit regime in advance of the legislative timetable with a view to supporting change. In January this year the minister advised me of a substantial reduction in the grant that subsidises my local government performance audit work under the Measure.
 18. However, for 2016-17 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.
 19. In Spring 2016 I will be engaging in a consultation with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
 - providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
 20. Taking all these factors into consideration, I am presently unable to be specific about my programme of performance audit work in local government. I am working through the practicalities of designing an appropriate programme of work, and examining the implications of the reduction in grant funding with a view to ensuring, as far as I am able, that there is little adverse impact on local authorities through fees.
 21. As soon as practical, I will write to confirm my 2016-17 programme of work.

Fee, audit team and timetable

Fee

22. The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2016 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this. Your estimated fee for 2016 is set out in [Exhibit 5](#).

Exhibit 5: Audit fee

Audit area	Proposed fee (£)	Actual fee last year (£)
Financial audit work ¹	262,000	262,000
Performance audit work ²	104,188	104,188
Grant certification work (estimate) ³	100,000	100,565
Total fee	466,188	466,753

¹ Payable November 2015 to October 2016.

² Payable April 2016 to March 2017.

³ Payable as work is undertaken.

23. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Head of Finance & Delivery and the Audit Committee.
24. Further information on my [fee scales and fee setting can be found on the Wales Audit Office website](#).

Audit team

25. The main members of my team, together with their contact details, are summarised in Exhibit 6.

Exhibit 6: My team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Director and Engagement Lead – Financial Audit	02920 320500	john.herniman@audit.wales
Jane Holownia	Engagement Lead – Performance Audit	02920 320565	jane.holownia@audit.wales
Geraint Norman	Financial Audit Manager	07810 056683	geraint.norman@audit.wales
David Williams	Financial Audit Team Leader	07812 670234	david.williams@audit.wales
Steve Barry	Performance Audit Manager	07786 190210	steve.barry@audit.wales
Samantha Clements	Performance Audit Lead	07879 848672	samantha.clements@audit.wales

26. There is one independence issue to report to you. The Financial Audit Manager's spouse is employed as a Primary School Head Teacher by the Council and is an active member of the Teachers' Pension Scheme. I will ensure additional audit controls are put in place for the audit of the Education and Payroll Services. With this one exception, I can confirm that my team members are all independent of the Council and your officers and I am not aware of any further potential conflicts of interest that I need to bring to your attention.

Timetable

27. I will provide reports, or other outputs as agreed, to City and County of Swansea covering the areas of work identified in this document. My key milestones are set out in [Exhibit 7](#).

Exhibit 7: Timetable

Planned output	Work undertaken	Report finalised
2016 Audit Plan	January – February 2016	March 2016
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	March – September 2016	September 2016 September 2016 October 2016
Performance work: I am presently unable to be specific about my programme of performance audit work in local government	April 2016 - March 2017	As soon as practical, I will write to confirm my 2016-17 programme of work
2017 Audit Plan	October – December 2017	January 2017

Future developments to my audit work

28. The Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to have undertaken an examination in each of the public bodies specified within the Act and to have provided a report to the National Assembly, by 2020.
29. I will be consulting on my proposed response to the Act in spring 2016. This consultation will feature a commitment to engage and work collaboratively with public bodies in developing an audit approach which is rigorous, meaningful and proportionate. I propose using 2016-17 as a transition year during which my teams work with a limited number of public bodies to develop and test my approach.
30. As we confirm our audit approaches and respond to continuing consultation from the Welsh Government, we will be talking to audited bodies about the implications for their fees from 2017-18 onwards and will be exploring alternative funding models with the next National Assembly's Finance Committee.

Appendix 1

Respective responsibilities

Financial audit

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether City and County of Swansea has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- City and County of Swansea's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect City and County of Swansea's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and

-
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within City and County of Swansea from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. The Auditor General must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Appendix 2

National value-for-money studies

The Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are funded by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

The table below covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work or based on the findings of reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Topic	Actual or anticipated publication timeframe
Welsh Government acquisition and ownership of Cardiff Airport	February 2016
The development of Natural Resources Wales	February 2016
Operating theatres	February 2016
Impact of private practice on NHS provision	February 2016
Wales Life Sciences Investment Fund	March 2016
Welsh Government responses to audit recommendations (memorandum for the Public Accounts Committee)	Spring 2016
Coastal flood and erosion risk management	Spring 2016
Rail services	Spring 2016
Governance of the National Library of Wales	Spring 2016
Welsh Government oversight of further education institutions' finances and delivery	Autumn 2016
Public procurement (including development of the National Procurement Service)	Winter 2016

Topic	Actual or anticipated publication timeframe
Early intervention and behaviour change	Spring/summer 2017 ¹
Welsh Government interventions in local government	TBC ²

I have been considering over recent months the inclusion in my programme of a number of new studies on:

- The NHS Wales Informatics Service;
- Capital investment in schools (21st Century schools programme) and school places;
- Further education finances;
- Waste management;
- The Supporting People programme; and
- Access to public services for people whose first language may not be English or Welsh and those who may be disadvantaged without access to specialist interpretation services.

With the exception of the further education study, referred to in the table above, firm plans for these new studies are yet to be confirmed, although initial scoping work is underway.

¹ My programme of good practice work includes a project that will aim to explore the range of behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. The project will include a range of engagement events and the development of a community of practice to share learning and experience. I anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and it would not be prepared until the first half of 2017.

² Plans for this work have been under review in light of the Welsh Government commissioned review of the Anglesey intervention by the Public Policy Institute for Wales, and also to consider the implications for the work of plans for local government reform.

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2016 Audit Plan

City and County of Swansea Pension Fund

Audit year: 2015-16

Issued: March 2016

Document reference: 194A2016

Status of document

This document has been prepared for the internal use of the City and County of Swansea Pension Fund as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

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2016 Audit Plan

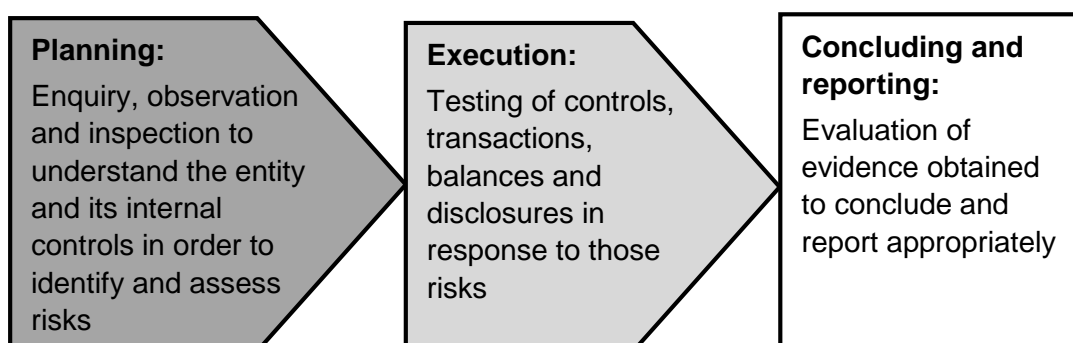
Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether the City and County of Swansea pension fund (the Pension Fund) accounting statements are 'true and fair'.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it. There have been no limitations imposed on me in planning the scope of this audit.
3. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of Pension Fund financial statements

4. It is my responsibility to issue a report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the financial statements:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.[Appendix 1](#) sets out my responsibilities in full.
5. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: My audit approach



6. The financial audit risks which I consider to be significant are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: Financial audit risks

Financial audit risk	Proposed audit response
<p>Management override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Investment Managers</p> <p>The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement. The investment managers provide internal controls reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls eg, valuation of the investment portfolio held.</p> <p>There is a risk that the internal control reports will not be available for assurance purposes and/or cover all our required.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • assess the investment managers as a service organisation; • check that investments have been made in accordance with the Statement of Investment Principles; • obtain direct confirmation from the investment managers and custodian of year-end investment balances and holdings; and • assess whether the investment managers' internal control reports for all investment managers provide assurance over a wide range of relevant controls, including valuation of investments held.
<p>Private Equity Investments</p> <p>Year-end valuation of private equity investments are provided by investment managers which are based upon forward looking estimates and judgements. As there is no quoted market price, there is a greater risk for the reasonableness of valuation bases of these investments.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • confirm the investment valuations to audited financial statements; and • seek additional assurance over the valuation basis from controls assurance reports where available.
<p>Pension SORP</p> <p>A new Pension SORP, incorporating International financial Reporting Standards, has been issued in the year. There are a number of changes to the 2015-16 financial statements to present information in line with the new SORP and IFRS requirements.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • complete and early review of the financial statements and agree any disclosure and presentational changes with management; and • provide an audit deliverables document to assist the Council in the preparation of relevant working papers in support of the financial statements.

-
7. I do not seek to obtain absolute assurance that the Pension Fund's financial statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Pension Fund Committee and the Audit Committee and to those charged with governance (the Council) prior to completion of the audit.
 8. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
 9. My fees are based on the following assumptions:
 - information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Pension Fund annual report

10. In addition to including the pension fund financial statements in the main financial statements, administering authorities are required to publish a pension fund annual report which must include the pension fund accounts.
11. I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund accounts included in the Council's main accounting statements.
12. I also issue an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts.

Fee, audit team and timetable

Fee

13. Your estimated fee for 2016 is set out in [Exhibit 3](#).

Exhibit 3: Audit fee

Audit area	Proposed fee 2016 (£)	Actual fee 2015 (£)
Audit of pension fund financial statements	50,000	50,000

14. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Head of Finance & Delivery and the Audit Committee.
15. Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

16. The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: My team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Lead – Financial Audit	02920 320500	john.herniman@audit.wales
Geraint Norman	Financial Audit Manager	07810 056683	geraint.norman@audit.wales
David Williams	Financial Audit Team Leader	07812 670234	david.williams@audit.wales

17. There is one independence issue to report to you. The Financial Audit Manager's spouse is employed as a Primary School Head Teacher by the Council and is an active member of the Teachers Pension Fund. I will ensure additional audit controls are put in place. With this one exception, I can confirm that my team members are all independent of the Council, the Pension Fund and your officers and I am not aware of any further potential conflicts of interest that I need to bring to your attention.

Timetable

18. I will provide reports, or other outputs as agreed, to the Pension Fund Committee and the Audit Committee and the Cabinet/Council, covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

Exhibit 5: Timetable

Planned output	Work undertaken	Report finalised
2016 Audit Plan	January to February 2016	March 2016
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	March to September 2016	September 2016 September 2016
2017 Audit Plan	October to December 2016	January 2017

Appendix 1

Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

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City & County of Swansea Audit Committee Update – April 2016

Financial audit work 2015-16 – City & County of Swansea Pension Fund

Activity	Scope	Status
Audit Plan	Plan of financial audit work for 2015-16.	Audit Committee April 2016.
Financial Statements/Annual Audit Letter	Audit of the Pension Fund's 2015-16 financial statements and Annual Audit Letter.	Audit Committee September 2016.

Financial audit work 2015-16 – City & County of Swansea

Activity	Scope	Status
Audit Plan	Plan of financial audit work for 2015-16.	Audit Committee April 2016.
Financial Statements 2015-16	Audit of the Council's 2015-16 financial statements.	Audit Committee September 2016.
Certification of Grants and Returns 2015-16	Summary of grants and returns certification work 2015-16.	Audit Committee March 2017.
Annual Audit Letter	Report summarising our 2015-16 financial audit work.	Audit Committee December 2016.

Performance work 2015-2016 - City & County of Swansea

2015-16 Improvement Assessment	Scope	Status
Corporate Improvement Plan Audit	Review Council arrangements to secure continuous improvement, its progress against previous proposals for improvement and the setting of improvement objectives for the year	IAL1 letter of certification complete
'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives	IAL2 letter of certification complete
Annual Improvement Report (AIR)	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'	Outstanding
Corporate Assessment Follow up	<p>Review of the Council's performance Management Arrangements. Key questions: Is the authority's approach to performance management enabling effective decision making and supporting service improvement?</p> <ul style="list-style-type: none"> • Do officers have robust and effective arrangements for developing corporate and service plans and priorities? • Do officers use performance information to drive improvement? • Are officers equipped with the skills and knowledge to analyse and use performance information to the full? 	In progress

2015-16 Local Government Studies	Scope	Status
<p>The strategic approach of councils to income generation and charging for services</p>	<p>This study is being delivered under our annual “delivering with less” programme and the study will involve an audit of councils’ strategic approach to charging; the approval process for setting and reviewing charging within a council; the impact of charging on services and service users; and the legislative basis for charging.</p>	<p>Progress is being made on completing the various strands of the methodology: Fieldwork has been completed All surveys are live and due to close this month. Income profiles for all Welsh councils are being finalised. A summary note on the legal basis for charging is being produced</p>
<p>Council funding of third-sector services</p>	<p>Again, under the theme of delivering with less, this study will look at the level of investment in voluntary sector services to benchmark findings against 2009-10 and earlier assessments; review of the measures used to judge the effectiveness of funding in a tracer area; review decision making processes to determine whether the principles of good governance in funding third sector services are being followed. A key component for the work is the formation of a steering group with membership drawn from WCVA, Citizen Advice, WLGA/LGDU and WAO.</p>	<p>Progress is being made in delivering the project: Fieldwork has been completed at one council and is being organised for the others. The call for evidence is live and we are starting to receive some useful evidence. Surveys have been sent to the various bodies</p>
<p>The effectiveness of local community safety partnerships</p>	<p>This study will look at the effectiveness of community safety partnerships and the impact of the work of partnerships in delivering improvement within their communities. The review will be delivered at a Welsh Government; Police and Crime</p>	<p>Drafting the National Report and the four PCC reports</p>

	Commissioner; and local authority level.	
National Report recommendation follow up	Follow up and evaluate councils' progress on implementing recommendations contained in our national studies published in 2014-2015. The output will inform local work planning and also provide a national picture of how WAO recommendations are being implemented by councils. We will also examine councils' arrangements for monitoring recommendations. This includes dealing with both WAO national study recommendations and their mechanisms for considering recommendations more generally	Follow up at agreed intervals at monthly meetings

Report of the Chief Auditor

Audit Committee – 19 April 2016

INTERNAL AUDIT CHARTER 2016/17

Purpose:	This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 st April 2013 and presents an Internal Audit Charter for approval by the Committee.
Policy Framework:	None
Reason for Decision:	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
Consultation:	Executive Board, Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that the Committee approve the Internal Audit Charter 2016/17
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1st 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 Executive Board on 13 April 2016 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 2016/17

CITY AND COUNTY OF SWANSEA

INTERNAL AUDIT CHARTER

2016/17

1. Introduction

1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1st 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 of internal audit activities
- Defines the nature of assurance and consulting activities

1.6 The Internal Audit Charter must be reviewed periodically by the Chief Auditor and presented to the Executive Board and Audit Committee for approval. 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 2014¹⁰⁵ state that ‘a local government larger relevant 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’. The 2014 Regulations also say that ‘a larger relevant body must, at least once a year, conduct a review of the effectiveness of its internal audit’.

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

PSIAS	City & County Swansea
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 1st June 2015 to be based in the Internal Audit Section. ~~The Team will be set up for~~ 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 9

Report of the Chief Auditor

Audit Committee – 19 April 2016

INTERNAL AUDIT ANNUAL PLAN 2016/17

Purpose:	This report presents the Internal Audit Annual Plan 2016/17 to the Audit Committee for approval.
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and approve the Internal Audit Annual Plan 2016/17
Consultation:	Legal, Finance, Access to Services
Recommendation:	It is recommended that: the Committee approves the Internal Audit Annual Plan 2016/17
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	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 ensure sufficient audit coverage to 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 16 February 2016.
- 1.3 This report presents the Internal Audit Annual Plan 2016/17 to Committee for approval.

2. Internal Audit Annual Plan 2016/17

- 2.1 For 2016/17, the Internal Audit Section is made up of 10.5 staff excluding the Chief Auditor which is a reduction of 0.5 of an Auditor post compared to 2015/16. This 0.5 post was held vacant during

2015/16 and has now been permanently removed from the establishment.

- 2.2 There are currently 1.5 Auditor posts vacant although 1 post is being covered by an agency auditor. The 1.5 posts will shortly be advertised for recruitment on a permanent basis. However, for the purpose of the Annual Plan 2016/17 it has been assumed that the 0.5 post will be vacant until 1 June 2016.
- 2.3 A summary of the Internal Audit Plan 2016/17 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.
- 2.4 There is a reduction in the total number of days available due to the reduction of 0.5 of a post but overall the number of productive days available has increased by 70 as shown in Appendix 1
- 2.5 The increase in productive days is due to a reduction in staff training (-36 days) due to a member of staff no longer undertaking professional accountancy training, less planned days for vacancies (-58 days) and a voluntary reduction in hours for one member of staff (-18 days).
- 2.6 The savings in non-productive days identified above have been partially offset by an increase of 26 days for sick leave based on the experience of increasing levels of sick leave during 2015/16. The planned number of days for contingency has remained unchanged at 100 days to ensure that the Audit Plan is as realistic as possible.
- 2.7 The Internal Audit Plan 2016/17 accommodates the audits which were deferred from the 2015/16 of around 450 days and also includes new audits with a total of 110 days.
- 2.8 To accommodate the audits deferred from 2015/16 and the new audits and also to match the Audit Needs Assessment to the available resources, audits totalling 385 days which were due in 2016/17 have been deferred to 2017/18.
- 2.9 The number of audits deferred continues to reduce compared to previous years and as noted above allows for new audits to be included in the Plan. This is due to the full year impact of changes introduced during 2015/16 such as the increased use of self-assessment questionnaires and 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.
- 2.11 It is the view of the Chief Auditor that the proposed Internal Audit Plan 2016/17 will provide sufficient audit coverage for the annual opinion

on internal control to be delivered to the Council via the Section 151 Officer and Audit Committee.

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 2016/17

Appendices: Appendix 1 Internal Audit Annual Plan 2016/17 – Summary
Appendix 2 Internal Audit Annual Plan 2016/17

INTERNAL AUDIT ANNUAL PLAN 2016/17 - SUMMARY

Categories of Audit Work	Plan	Plan	%
	2015/16 Days	2016/17 Days	
Regularity Audits			
1. People	392	460	16.8
2. Place	410	409	15.0
3. Corporate Services	287	236	8.7
Fundamental Audits	288	308	11.3
Contract Audit Systems	80	95	3.4
Computer Audits	75	100	3.7
Contract Audits	8	8	0.3
Cross Cutting Audits	60	75	2.7
Projects	159	138	5.1
Productive Days	1759	1829	67.0
Other Activities			
1. Staff Training	120	84	3.1
2. Holidays, Sick & Special Leave	469	484	17.7
3. Admin, Planning, Control, Clerical Support etc	195	196	7.2
4. Contingencies	100	100	3.7
5. Voluntary Reduction in Hours	18	0	0.0
6. Vacancies	78	20	0.7
7. Non Audit Work	17	17	0.6
Non Productive Days	997	901	33.0
Total Days	2756	2730	100.0

INTERNAL AUDIT ANNUAL PLAN 2016/17

Head of Service	Risk Rating	Days 2016/17	Type of Work
Head of Education Planning & Resources			
Primary Schools	Medium	81	Assurance
Secondary Schools	Medium	50	Assurance
Special Schools	Medium	12	Assurance
School Funding & Information	Medium/High	15	Assurance
Capital Planning & Delivery Unit	Medium/High	10	Assurance
Total		168	
Head of Education Improvement			
Welsh Centre	Medium/Low	10	Assurance
Education Library Resource Service	Medium/Low	5	Assurance
Total		15	
Head of Education Learner Support Service			
Access to Learning - Management & Admin	Medium	10	Assurance
Psychology Service	Medium	5	Assurance
Recoupment	Medium	5	Assurance
SEN Statementing & Support	Medium	5	Assurance
Arfryn Education Centre	Medium	5	Assurance
Key Stage 4 Education Centre	Medium	5	Assurance
Stepahead Education Centre	Medium	5	Assurance
LAC Co-ordinator	New	10	Assurance
Employment Training	Medium/High	20	Assurance
School Kitchens	Medium	25	Assurance
Total		95	
Education - Other			
School Uniform Grant	N/A	3	Grant Certification
Education Improvement Grant	N/A	25	Grant Certification
Pupil Deprivation Grant	N/A	10	Grant Certification
Schools Annual Report	N/A	3	Assurance
Total		41	
Head of Child and Family Services			
Youth Offending Service	Medium/High	10	Assurance
Emergency Duty Team	Low	10	Assurance
Leaving Care Act	Medium	10	Assurance
Discretionary Payments (incl. S17)	Medium/High	10	Assurance
Community Childcare	Medium/Low	10	Assurance
Total		50	

INTERNAL AUDIT ANNUAL PLAN 2016/17

Head of Service	Risk Rating	Days 2016/17	Type of Work
Head of Adult Services			
Supporting People Grant	N/A	10	Grant Certification
Cyrenians - Lessons Learned	New	10	Added Value
Adult Family Placements	New	10	Assurance
Total		30	
Directorate Services			
Live Kilometre Support Grant	N/A	5	Grant Certification
Business Support Team - Adult Services	New	20	Assurance
Total		25	
Head of Poverty & Prevention			
Partnerships, Performance & Commissioning	New	15	Assurance
Residential & Outdoor Centres	Medium	10	Assurance
Community Safety & CCTV	Medium	1	Assurance
Early Intervention Services	New	5	Assurance
Child Poverty Projects	New	5	Assurance
Total		36	
Head of Corporate Building & Property Services			
Heol y Gors - Stores	Medium	15	Assurance
Heol y Gors - Estimating	Medium	15	Assurance
Heol y Gors - Plant	Medium	7	Assurance
Day to Day Repairs - Maintenance Section	Medium/High	25	Assurance
Quadrant Rents & Estates Management	Medium	18	Assurance
Emergency Planning & Civil Contingencies	Medium	10	Assurance
Total		90	
Head of Waste Management			
Waste Management	Medium	10	Assurance
Trade Refuse	Medium	10	Assurance
Waste Enforcement	New	10	Assurance
Street Cleaning	Medium	10	Assurance
Total		40	

INTERNAL AUDIT ANNUAL PLAN 2016/17

Head of Service	Risk Rating	Days 2016/17	Type of Work
Head of Highways & Transportation			
Concessionary Bus Fares	N/A	10	Assurance
Civil Parking Enforcement	Medium	20	Assurance
Taxi Framework Contract	Medium	10	Assurance
Advance Payments Code	Medium	8	Assurance
Clydach Depot - Stores	Medium	10	Assurance
Central Transport Unit - Fleet Maintenance	Medium/High	15	Assurance
Central Transport Unit - Stores	Medium	8	Assurance
Highways Trading Account	New	5	Assurance
Total		86	
Head of Housing & Public Protection			
Housing Options	Medium	2	Assurance
Town Centre District Housing Office	Medium	15	Assurance
Rent & Arrears Team	Medium	18	Assurance
Renewal Areas	Medium	20	Assurance
National Home Improvement Loan Scheme	New	10	Assurance
Taxi Licensing	New	10	Assurance
Housing Division	Medium/Low	10	Assurance
Total		85	
Head of Cultural Services			
Outdoor Leisure	Medium	20	Assurance
Foreshore & Lettings	Medium	3	Assurance
Sports Development	Medium	10	Assurance
Gymnastics Development	Medium	5	Assurance
Branch Libraries	Medium/Low	15	Assurance
Records Management	New	10	Assurance
Total		63	
Head of Economic Regeneration and Planning			
Planning Services - Administration & Fees	Medium	15	Assurance
Section 106 Agreements	High	10	Assurance
Planning & Enforcement	New	10	Assurance
Planning - AONB	New	10	Assurance
Total		45	

INTERNAL AUDIT ANNUAL PLAN 2016/17

Head of Service	Risk Rating	Days 2016/17	Type of Work
Head of Communications & Customer Engagement			
Corporate Marketing	Low	5	Assurance
DesignPrint	Medium	2	Assurance
E-Commerce Controls	Medium	7	Assurance
Web Development	New	10	Assurance
Corporate Complaints	Medium/Low	8	Assurance
Contact Centre	Medium	5	Assurance
Total		37	
Head of Finance & Delivery			
Cashiers Office	Medium/High	5	Assurance
Write-off Requests by Departments	N/A	20	Assurance
Cashiers Write Offs	N/A	5	Assurance
Pension Fund Other	New	10	Assurance
Trusts and Charities	New	4	Assurance
Risk Management	High	10	Assurance
Budget Strategy & Setting Process	New	10	Assurance
Direct Payments - Adult and Child & Family	Medium	15	Assurance
Social Services Debt Recovery	High	20	Assurance
Learning Disability Recharges	New	10	Assurance
Total		109	
Head of Legal & Democratic Services			
Electoral Services	Medium	6	Assurance
Councillors Expenses & Allowances	Medium	10	Assurance
Election Expenses	N/A	15	Assurance
Councillors Code of Conduct	New	10	Assurance
Total		41	
Head of Human Resources			
Employee Vetting	High	10	Assurance
Employment of Agency Staff	New	4	Assurance
Total		14	
Head of Information & Business Change			
Project Management Methodology	New	10	Assurance
Strategic Projects - Administration	Medium	10	Assurance
Total		20	

INTERNAL AUDIT ANNUAL PLAN 2016/17

Head of Service	Risk Rating	Days 2016/17	Type of Work
Head of Commercial Services			
P Cards	Medium	15	Assurance
Total		15	
Fundamental Systems			
Payroll	High	43	Assurance
Pensions Administration	High	20	Assurance
Teachers Pensions	Medium	15	Assurance
Accounts Receivable	High	37	Assurance
Business Rates	Medium	36	Assurance
Treasury Management - Borrowing & Investments	Medium	18	Assurance
Accounts Payable	Medium	44	Assurance
Housing & Council Tax Benefit	Medium	15	Assurance
Cash	Medium	30	Assurance
Council Tax	Medium	30	Assurance
Main Accounting	Medium	20	Assurance
Total		308	
Contract Audits - Systems			
Legal			
Liquidations	Medium/High	5	Assurance
Highways & Transportation			
Business Case, Tendering & Evaluation	Medium	20	Assurance
Control of Contracts	Medium	15	Assurance
Corporate Building Services			
Tendering	Medium	10	Assurance
Housing Systems Overview	Medium	10	Assurance
Finance/Legal			
Insurance Cover & Performance Bonds	New	10	Assurance
Social Services			
Tendering, Letting & Monitoring	New	15	Assurance
Housing			
Renewal Areas	Medium	10	Assurance
Total		95	

INTERNAL AUDIT ANNUAL PLAN 2016/17

Head of Service	Risk Rating	Days 2016/17	Type of Work
Computer Audits			
Corporate Network Controls	Medium	10	Assurance
Education Network Controls	Medium	10	Assurance
Internet Controls for Clients - Social Services	Medium	5	Assurance
Payment Card Industry - Data Security Standard	Medium	5	Assurance
Computer Operations	Medium/High	5	Assurance
Disaster Recovery	Medium/High	10	Assurance
Flare System Application Controls	Medium	5	Assurance
Fostercare System Application Controls	Medium	5	Assurance
Change Control	Medium	5	Assurance
Change Control - ISiS	High	5	Assurance
Procurement of ICT	New	10	Assurance
Procurement of Telephones	Medium/High	5	Assurance
Extraction of Data - Miscellaneous	N/A	10	Assurance
Data Matching Exercise - NFI 2016	N/A	10	Anti-Fraud
Total		100	
Contract Audits			
Final Accounts	N/A	3	Assurance
Financial Appraisal of Contractors for Tenders	N/A	5	Assurance
Contract Audit - Total		8	
Cross Cutting Audits			
Corporate Governance Review	New	20	Assurance
Review of Corporate Risks	New	5	Assurance
Added Value Work	New	25	Added Value
Delegated Decision Making	New	10	Assurance
Ethics & Values	New	15	Assurance
Cross Cutting Audits - Total		75	
Projects and Special Investigations			
Unpresented Cheques > £2,000	N/A	10	Anti-Fraud
Galileo Audit Management System	N/A	15	Administration
Annual Plan & Annual Report	N/A	15	Administration
Health & Safety Group	N/A	3	Administration
Recommendations Tracker	N/A	10	Follow Ups
Follow Ups	N/A	60	Follow Ups
P Card Review of Purchases	N/A	25	Assurance
Total		138	
Productive Days - Total		1,829	

Agenda Item 10

Report of the Chair of Audit Committee

Audit Committee – 19 April 2016

DRAFT AUDIT COMMITTEE ANNUAL REPORT 2015/16

Purpose:	This report provides the draft Audit Committee Annual Report 2015/16 municipal year
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss, review and contribute to the Audit Committee Annual Report 2015/16 prior to the report being presented to Council.
Consultation:	Legal, Finance and Access to Services
Recommendation(s):	It is recommended that the Committee review and discuss the draft Audit Committee Annual Report 2015/16
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	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 and to comply with its terms of reference.

- 1.4 This draft report describes the assurance that has been gained by the Audit Committee from various sources during 2015/16 and also outlines a number of other areas where briefings have been provided to the Committee.
- 1.5 The draft Audit Committee Annual Report 2015/16 is reported to the Committee to provide members with the opportunity to give their views on the assurances received and to identify the key messages arising from the work of the Committee during the year.
- 1.6 The draft report will be amended for any comments made at this meeting with the final report being presented to the Audit Committee in June for formal approval. The Chair will then present the Annual Report to Council later in the summer.

2. Committee Membership

- 2.1 The membership of the Audit Committee during 2015/16 is shown in the following table

Mr AM Thomas – Lay Member and Chair	Cllr PM Meara
Cllr JC Bayliss replaced by Cllr C Anderson 25/06/15	Cllr G Owens replaced by Cllr TJ Hennegan 26/11/15
Cllr RA Clay	Cllr D Phillips
Cllr AM Cook replaced by Cllr TM White 25/06/15	Cllr RV Smith
Cllr PR Hood-Williams	Cllr DWW Thomas replaced by Cllr C Thomas 10/03/16
Cllr L James	Cllr LV Walton
Cllr JW Jones – Vice Chair	

- 2.2 The Committee moved to a schedule of 2 monthly meetings for 2015/16 however it was noted quite early in the year that the agenda for the bi-monthly meetings were becoming excessively long so a number of special meetings were arranged to help smooth out the Committee’s work programme.
- 2.3 The Committee met on 9 occasions during 2015/16, 6 scheduled meetings and 3 special meetings. Over the course of the year, attendance at the meetings (not including the current meeting) was 71%

3. Internal Audit Assurance

- 3.1 The Audit Committee approved the Internal Audit Charter 2015/16 as required by the Public Sector Internal Audit Standards

- 3.2 The Audit Committee also approved the Internal Audit Annual Plan 2015/16 and has also received quarterly monitoring reports from the Chief Auditor showing progress against the Plan.
- 3.3 The quarterly monitoring reports 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 Chair has written to a number of Heads of Service where audits in their area of responsibility received a moderate or limited level of assurance to raise the concerns of the Committee and to highlight the need for improvement in controls.
- 3.5 The Chair has also met with the Head of Service where the audit received a moderate or limited level of assurance at the previous audit. The Committee's view is that this indicates that the service has failed to improve since the previous audit which therefore requires a firmer response from the Committee to support the findings of the Internal Audit Section. Face to face meetings are more proactive and are likely to lead to a positive response from the service area.
- 3.6 The Internal Audit Annual Report 2014/15 was reported to the Audit Committee which included a review of actual work completed compared to the Annual Plan.
- 3.7 The Internal Audit Annual Report also included the Chief Auditor's opinion on the internal control environment for 2014/15 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.
- 3.8 The Internal Audit Annual Report of School Audits 2014/15 was presented to the Audit Committee. This report summarised the school audits undertaken during the year and identified some common themes identified across school audits.

4. Annual Governance Statement 2014/15

- 4.1 The draft Annual Governance Statement 2014/15 was presented to the Audit Committee prior to being reported to Cabinet for approval.
- 4.2 This gave the Committee the opportunity to review and comment upon the Statement and to ensure that it properly reflected the assurances provided to the Committee over the course of the year.

5. Annual Statement of Accounts 2014/15

- 5.1 The Head of Finance and Delivery presented the draft Statement of Accounts 2014/15 for the Council and the Pension Fund to the

Committee and answered a number of queries raised by members of the Committee.

5.2 PwC, on behalf of the Wales Audit Office, presented a progress report to the Audit Committee outlining the progress made in completing the annual audit of the accounts.

5.3 Following the completion of the audit of the Statement of Accounts 2014/15, the Chair requested that a special meeting be arranged for PwC to present its Audit of Financial Statements reports to the Audit Committee prior to the reports going to Cabinet. The reports presented the detailed findings of the audit and stated that the intention was to issue an unqualified audit report on the financial statements

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

- Wales Audit Office – 2015 Audit Plan including performance and financial audit work
- Internal Controls Report 2014/15
- Annual Audit Letter 2014/15

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 auditors.

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 2014/15, the results of the tracker exercise showed that 79% of agreed recommendations due for implementation by 31 December 2015 had been implemented. The implementation of the outstanding recommendations will be reviewed as part of the fundamental audits in 2015/16.

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 to the Audit Committee in the quarterly Internal Audit Monitoring Reports.

7.4 A number of follow up audits were reported to the Committee during 2015/16 and it was found that substantial progress had been made by management in implementing the agreed recommendations.

7.5 The Audit Committee also received a report from the Head of Economic Regeneration and Planning which included an action plan outlining the action being taken to implement the recommendations arising from the Section 106 Planning Agreements audit which had received a limited level of assurance

7.6 The Internal Controls Report presented to the Audit Committee by the external auditors includes 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 a function of the Audit Committee

8.2 The Head of Finance and Delivery provided 2 update reports on Risk Management to the Committee and an annual review of Risk Management for 2015/16 is to be provided to the June 2016 meeting of the Committee.

9. Performance Audit

9.1 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 2015 was reported to the Committee and regular updates on progress against the Plan were provided by the Wales Audit Office throughout the year.

9.3 The Annual Improvement Report incorporating the Corporate Assessment Report 2014 for the City and County of Swansea was reported to the Audit Committee.

10. Relationship with Scrutiny Function

10.1 The Audit Committee has continued to develop a relationship with the Scrutiny function. The relationship is intended to ensure the following

- 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 The Chair attended the Scrutiny Work Planning Conference to provide an Audit Committee input into the areas of proposed work for Scrutiny during 2015/16.

10.3 The Chair has attended the Scrutiny Programme Committee to provide an update on the work of the Audit Committee and also shared the Audit Committee Annual Report 2014/15 and Workplan 2015/16 with the Scrutiny Programme Committee.

10.4 The Chair of the Scrutiny Programme Committee has attended the Audit Committee to provide an update on the work of Scrutiny. The Scrutiny Annual Report 2014/15 and Scrutiny Work Programme 2015/16 were also presented to the Audit Committee.

11. Anti-Fraud

11.1 A Corporate Fraud Team was established during 2015/16 within the Internal Audit Section and a detailed presentation was made to the Audit Committee on the role of the new team.

11.2 A Corporate Fraud Annual Plan 2016/17 and Corporate Fraud Team Annual Report 2015/16 will be presented to the Audit Committee early in the new municipal year.

11.3 The new team has been involved in a number of investigations and the final report on one of the investigations was reported to the Committee. Further reports will be presented on the conclusion of live investigations.

12. Briefings

12.1 The Audit Committee received a number of briefings during 2015/16 as noted below

- Cabinet Advisory Committees
- Corporate Governance Review
- Housing Benefits Investigation Team - Annual Report 2014/15
- Coastal Project
- Debt Write Offs
- ICT Contract Transfer
- Internal Audit Plan Methodology
- New Build for YGG Lon Las – referral from Cabinet
- Peer Review Update

12.2 The Wales Audit Office provided a detailed briefing on the Key Issues for Audit Committees including

- The statutory role of the Audit Committee
- The huge remit of the Committee
- The need to seek assurance not undertake substantive work
- Potential changes to the remit as a result of the Devolution, Democracy and Delivery White Paper

13. Audit Committee – Performance Review

13.1 The Audit Committee undertook a review of its performance during 2015/16 using a Self-Assessment of Good Practice Questionnaire published by CIPFA in its *Audit Committees – Practical Guidance for Local Authorities and Police Bodies* publication.

13.2 The outcome of the performance review was that the Committee felt that it was generally performing well measured against the Questionnaire although the following issues were identified which will be addressed during 2016/17.

- The need for the Committee to review its approach to gaining assurance over corporate governance. The review will follow the publication of the ongoing Corporate Governance Review by the Head of Legal and Democratic Service.
- The provision of training to Committee members based on the CIPFA Knowledge and Skills Framework. A training meeting will be held in June 2016.

14. Future Audit Committee Meetings

14.1 The Council Diary for the new municipal year continues to include Audit Committee meetings on a 2 monthly basis. .

14.2 However, based on the experience during 2015/16, it is clear that special meetings will need to be held at certain times of the year to ensure the smooth delivery of the Committee's work programme. At this stage it is envisaged that special meetings will need to be arranged in July and September for the draft Annual Statement of Accounts and the Wales Audit Office audited Statement of Accounts report.

14.3 The Committee has the ability to call further additional meetings if necessary.

15. Equality and Engagement Implications

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

16. Financial Implications

16.1 There are no financial implications associated with this report.

17. Legal Implications

17.1 There are no legal implications associated with this report.

Background Papers: None

Appendices: None

Agenda Item 11

Report of the Chair of the Scrutiny Programme Committee

Audit Committee – 19 April 2016

FOR INFORMATION: SCRUTINY WORK PROGRAMME 2015-16

Summary:

This report is provided in order to share information that will help develop the relationship between scrutiny and the Audit Committee. It explains the background and purpose of the scrutiny work programme, which is developed, managed and monitored by the Scrutiny Programme Committee.

The report shows:

- the overall Scrutiny Work Programme, including work being carried out through various Scrutiny Panels and Working Groups established by the Committee;
- the work plan of the Scrutiny Programme Committee itself;
- the work plan of the Service Improvement & Finance Scrutiny Performance Panel; and
- contact list of lead scrutiny councillors and officers for all current activities.

Lead Councillor	Councillor Mary Jones, Chair of the Scrutiny Programme Committee
Lead Officer	Dave Mckenna, Manager, Scrutiny Unit
Report Author	Brij Madahar, Scrutiny Coordinator Tel: 01792 637257 E-mail: brij.madahar@swansea.gov.uk

1. Developing the Relationship between Scrutiny and the Audit Committee.

1.1 It has been agreed that there is a need for:

- Mutual awareness and understanding of the work of scrutiny and audit committee
- Respective work plans to be coordinated and avoid duplication / gaps
- Clear mechanism for referral of issues, if necessary

1.2 In support of this the follow actions are being carried out:

- i) Chair of Scrutiny Programme Committee / Convener of Service Improvement & Finance Scrutiny Performance Panel copied into Audit Committee agenda and vice versa
- ii) Scrutiny Work Programme / Service Improvement & Finance Panel Work Plan published in Audit Committee agenda for information and vice versa

- iii) At least once a year chair of Scrutiny Programme Committee appears at Audit Committee to share work plan and for a 'health-check' and vice-versa
- iv) Audit Committee chair invited to Annual Scrutiny Work Planning Conference
- v) Chairs raise any issues re. coordination / duplication on ongoing basis
- vi) Where matters to be referred from Audit Committee chair writes letter to chair of Scrutiny Programme Committee

2. The Scrutiny Work Programme

2.1 The Scrutiny Programme Committee is responsible for developing the Council's scrutiny work programme, and managing the overall work of scrutiny to ensure that it is as effective as possible.

2.2 The broad aim of the scrutiny function is:

To carry out a significant and constructive programme of activities that will:

- help improve services;
- provide an effective challenge to the executive;
- engage members in the development of policies, strategies and plans; and
- engage the public.

2.3 At the same time the committee must ensure that the work of scrutiny is:

- manageable, realistic and achievable given resources available to support activities
- relevant to corporate priorities and focused on significant areas
- adding value and having maximum impact
- coordinated and avoids duplication

2.4 The scrutiny work programme is guided by the overriding principle that the work of scrutiny should be strategic and significant, focussed on issues of concern, and represent a good use of scrutiny time and resources.

3. Methods of Working

3.1 The work of scrutiny is undertaken primarily in three ways – through the committee itself and by establishing informal panels (for in-depth activities) or one-off working groups:

- a) **Formal committee meetings** – as well as developing and managing the overall work programme, the committee will focus on holding Cabinet Members to account by holding formal questioning sessions, and provide challenge on specific themes over the course of the year - this may cover a broad range of policy and service

issues. Matters considered at committee meetings will typically be 'one-off' opportunities for questions, which will result in the committee communicating findings, views and recommendations for improvement through chairs letters to cabinet members, and where appropriate by producing reports.

- b) **Informal panels** – Scrutiny panels are established, with conveners appointed by the committee, to carry out in-depth inquiries (sometimes referred to as reviews) or undertake in-depth monitoring of particular services. The use of panels helps to ensure that scrutiny can be flexible and responsive to issues of concern:

i) Inquiry Panels: to undertake discrete in-depth inquiries into specific and significant areas of concern on a task and finish basis. These would be significant topics where scrutiny can make a real difference. Inquiry panels will produce a final report at the end of the inquiry with conclusions and recommendations for cabinet (and other decision-makers), informed by the evidence gathered. Inquiry Panels will reconvene to follow up on implementation of agreed recommendations and cabinet action plans and impact of their work.

ii) Performance Panels: to provide in-depth monitoring and challenge for clearly defined service areas. Performance panels are expected to have on-going correspondence with relevant cabinet members in order to share views and recommendations, arising from monitoring activities, about services.

- c) **Informal working groups** – Although the majority of scrutiny work is carried out through the committee and panels, the committee can also establish informal working groups of councillors. This supports flexible working where it has been agreed that a matter should be carried out outside of the committee but does not necessitate the establishment of a Panel. This method of working is intended to be light-touch – effectively a one-off meeting to consider a specific report or information, resulting in a letter to relevant Cabinet Member(s) with views and recommendations.

3.2 This arrangement helps to achieve more focused and potentially quicker pieces of scrutiny, and provide flexibility to deal with things in different ways depending on the issue, and improve impact.

3.3 Non executive councillors who are not members of the committee have the opportunity to participate in panels and other informal task and finish groups. New panel / working group topics, once agreed, are advertised to all non executive councillors and expressions of interest sought. The membership of panels and working groups is then determined by the committee. More than one political group should be represented on each panel / working groups. These bodies also need

to be of a manageable size in terms of team working and effective questioning. A minimum of 3 members should be present at all meetings.

3.4 The following information is appended:

- the overall Scrutiny Work Programme, including work being carried out through various Scrutiny Panels and Working Groups established by the Committee (*Appendix 1*)
- the work plan of the Scrutiny Programme Committee itself (*Appendix 2*)
- the work plan of the Service Improvement & Finance Scrutiny Performance Panel (*Appendix 3*); and
- contact list of lead scrutiny councillors and officers for all current activities (*Appendix 4*)

4. Monitoring the Work Programme

4.1 The Scrutiny Programme Committee maintain an overview of all scrutiny activities to ensure that the work programme is co-ordinated and effective. In particular the committee monitors progress of work undertaken by the informal Panels and Working Groups and findings to ensure that this work is effective and has the required visibility. Performance Panel conveners attend the committee on a regular basis to provide updates and enable discussion on key activities and impact.

5. Financial Implications

5.1 Any costs that arise out of work plan activities, for example expenses for witnesses or transport costs, are not envisaged to be significant and will be contained within the existing Scrutiny Budget.

6. Legal Implications

6.1 There are no specific legal implications raised by this report.

7. Equality & Engagement Implications

7.1 There are no specific equality and engagement implications raised by this report.

Background papers: None

Legal Officer: Wendy Parkin

Finance Officer: Paul Beynon

Access to Services Officer: Sherill Hopkins

Appendices:

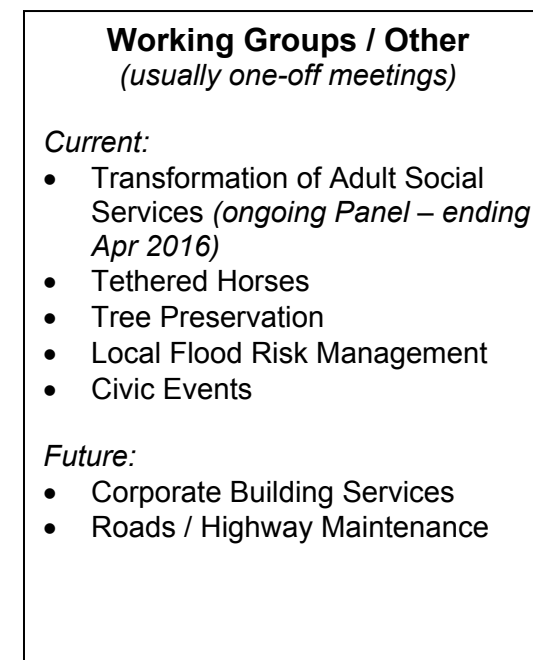
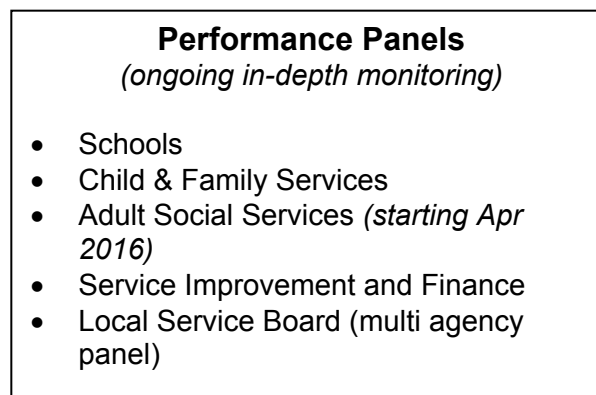
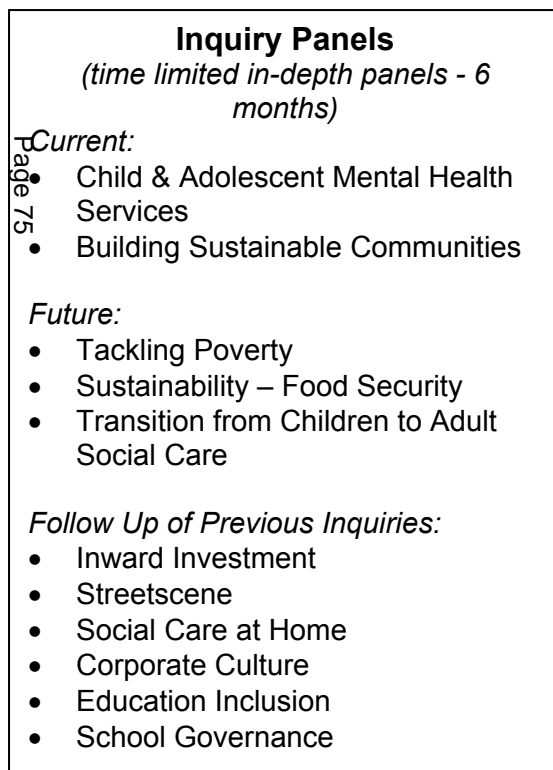
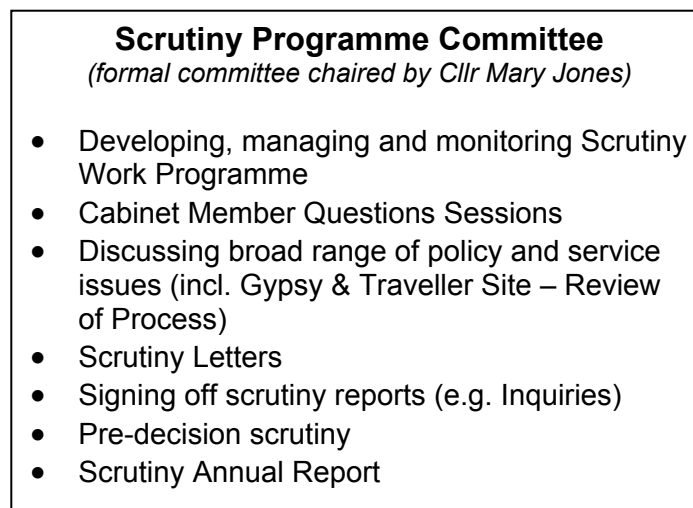
Appendix 1: Overall Scrutiny Work Programme

Appendix 2: The Committee Work Plan 2015/16

Appendix 3: Service Improvement & Finance Panel Work Plan 2015/16

Appendix 4: Scrutiny Councillor / Officer Leads

Appendix 1 - Swansea Scrutiny Structure / Work Programme 2015-16



Scrutiny Programme Committee – Work Plan

Standing Agenda Items:

Scrutiny Work Programme	<ul style="list-style-type: none"> To maintain overview on scrutiny work, monitor progress, and coordinate as necessary To plan for future committee meetings including key expectations e.g. key questions to explore, witnesses / information required To review future cabinet business and consider opportunities for pre-decision scrutiny To consider any councillor / public requests for scrutiny and/or Councillor Calls for Action (CCfA)
Membership of Scrutiny Panels and Working Groups	<ul style="list-style-type: none"> To agree membership of Scrutiny Panels and Working Groups (including appointment of conveners) and subsequent changes
Scrutiny Letters	<ul style="list-style-type: none"> To review scrutiny letters and Cabinet Member responses arising from scrutiny activities
Scrutiny Dispatches (Quarterly)	<ul style="list-style-type: none"> To approve content of Dispatches prior to reporting to Council, ensuring visibility and awareness of headlines from scrutiny activities, achievements and impact (12 Oct; 11 Jan; 11 Apr)
Scrutiny Events	<ul style="list-style-type: none"> Information about upcoming and feedback from recent scrutiny events (e.g. relevant regional / national scrutiny development & improvement Issues; WLGA / CfPS network meetings)

Items for Specific Meetings:

Meeting	Reports	Purpose
13 Jul	<ul style="list-style-type: none"> Cabinet Member Question Session 	<ul style="list-style-type: none"> Question and answer session with Leader of the Council
	<ul style="list-style-type: none"> Progress Report – Service Improvement & Finance Performance Panel 	<ul style="list-style-type: none"> Councillor Chris Holley, Convener, attending to update on headlines from the Panel’s work and achievements
	<ul style="list-style-type: none"> Final Inquiry Reports: <ul style="list-style-type: none"> Corporate Culture 	<ul style="list-style-type: none"> To receive the final report (including conclusions and recommendations) of the Inquiry Panel from Councillor Andrew Jones, prior to submission to Cabinet for decision
	<ul style="list-style-type: none"> Scrutiny Annual Report 	<ul style="list-style-type: none"> To agree the annual report of the work of overview & scrutiny for the municipal year 2014/15, as required by the constitution
	<ul style="list-style-type: none"> Work Programme 2015-16 	<ul style="list-style-type: none"> To consider feedback from Annual Scrutiny Work Planning Conference and proposals for the work programme, including work plan for future committee meetings

10 Aug	<ul style="list-style-type: none"> • Cabinet Member Question Session 	<ul style="list-style-type: none"> • Question and answer session with Deputy Leader / Cabinet Member for Services for Children & Young People
	<ul style="list-style-type: none"> • Progress Report – Child & Family Services Performance Panel 	<ul style="list-style-type: none"> • Councillor Paxton Hood-Williams, Convener, attending to update on headlines from the Panel’s work and achievements
	<ul style="list-style-type: none"> • Councillor Support and Development 	<ul style="list-style-type: none"> • Discussion on training and development needs develop knowledge and skills • Consideration of services on offer from the WLGA
14 Sep	<ul style="list-style-type: none"> • Cabinet Member Question Session 	<ul style="list-style-type: none"> • Question and answer session with Cabinet Member for Wellbeing & Healthy City
	<ul style="list-style-type: none"> • Progress Report – Schools Performance Panel 	<ul style="list-style-type: none"> • Councillor Fiona Gordon, Convener, attending to update on headlines from the Panel’s work and achievements
	<ul style="list-style-type: none"> • Children & Young People’s Rights 	<ul style="list-style-type: none"> • To consider report from Director – People on involvement of scrutiny in assessing the Children & Young People’s Rights Scheme, and possible actions in relation to training needs and becoming champions for this work
12 Oct	<ul style="list-style-type: none"> • Cabinet Member Question Session 	<ul style="list-style-type: none"> • Question and answer session with Cabinet Member for Education
	<ul style="list-style-type: none"> • Progress Report – Local Service Board Performance Panel 	<ul style="list-style-type: none"> • Convener attending to update on headlines from the Panel’s work and achievements
	<ul style="list-style-type: none"> • Final Inquiry Reports: <ul style="list-style-type: none"> ▪ Education Inclusion 	<ul style="list-style-type: none"> • To receive the final report (including conclusions and recommendations) of the Inquiry Panel from Councillor Cheryl Philpott, prior to submission to Cabinet for decision
	<ul style="list-style-type: none"> • Annual Local Government Performance Bulletin 2014-15 	<ul style="list-style-type: none"> • To ensure awareness of content of the Local Government Data Unit ~ Wales report and use to support the scrutiny of service performance
9 Nov	<ul style="list-style-type: none"> • Cabinet Member Question Session 	<ul style="list-style-type: none"> • Question and answer session with Cabinet Member for Transformation & Performance
	<ul style="list-style-type: none"> • Council Priorities 	<ul style="list-style-type: none"> • Update from Director - Corporate Services, on council priorities, strategic challenges, key decisions
	<ul style="list-style-type: none"> • Children & Young People’s Rights Scheme – Compliance and Progress 	<ul style="list-style-type: none"> • To discuss annual progress report on implementation of Children & Young People’s Rights Scheme, and consider impact (scheme was agreed by Cabinet in October 2014)
	<ul style="list-style-type: none"> • Scrutiny / Audit Committee Coordination 	<ul style="list-style-type: none"> • Chair of Audit to attend to share work plan of Audit Committee. Discussion to ensure: <ul style="list-style-type: none"> - mutual awareness and understanding of respective work plans and co-ordination - issues relating to work programmes can be discussed

	<ul style="list-style-type: none"> Progress Report – Service Improvement & Finance Performance Panel 	<ul style="list-style-type: none"> Councillor Chris Holley, Convener, attending to update on headlines from the Panel’s work and achievements
14 Dec	<ul style="list-style-type: none"> Cabinet Member Question Session 	<ul style="list-style-type: none"> Question and answer session with Cabinet Member for Finance & Strategy
	<ul style="list-style-type: none"> Progress Report – Child & Family Services Performance Panel 	<ul style="list-style-type: none"> Councillor Paxton Hood-Williams, Convener, attending to update on headlines from the Panel’s work and achievements
	<ul style="list-style-type: none"> Pre-decision Scrutiny: City Centre Development Sites – Selection of Preferred Developer(s) 	<ul style="list-style-type: none"> To undertake pre-decision scrutiny of proposed Cabinet report, of the Cabinet Member for Enterprise, Development & Regeneration, and decision scheduled for 19 November cabinet meeting.
11 Jan	<ul style="list-style-type: none"> Cabinet Member Question Session 	<ul style="list-style-type: none"> Question and answer session with Cabinet Member for Services for Anti Poverty
	<ul style="list-style-type: none"> Final Inquiry Report: <ul style="list-style-type: none"> School Governance 	<ul style="list-style-type: none"> To receive the final report (including conclusions and recommendations) of the Inquiry Panel from Councillor Fiona Gordon, prior to submission to Cabinet for decision
	<ul style="list-style-type: none"> Progress Report – Schools Performance Panel 	<ul style="list-style-type: none"> Councillor Fiona Gordon, Convener, attending to update on headlines from the Panel’s work and achievements
8 Feb	<ul style="list-style-type: none"> Cabinet Member Question Session 	<ul style="list-style-type: none"> Question and answer session with Cabinet Member for Adults & Vulnerable People
	<ul style="list-style-type: none"> Progress Report – Service Improvement & Finance Performance Panel 	<ul style="list-style-type: none"> Councillor Chris Holley, Convener, attending to update on headlines from the Panel’s work and achievements
14 Mar	<ul style="list-style-type: none"> Cabinet Member Question Session 	<ul style="list-style-type: none"> Question and answer session with Cabinet Member for Next Generation Services
	<ul style="list-style-type: none"> Crime & Disorder Scrutiny 	<ul style="list-style-type: none"> Joint Chairs of Safer Swansea Partnership to attend to provide information and take questions on the performance of the Partnership to enable committee to explore plans / objectives, achievements, impact, challenges etc
	<ul style="list-style-type: none"> Progress Report – Child & Family Services Performance Panel 	<ul style="list-style-type: none"> Councillor Paxton Hood-Williams, Convener, attending to update on headlines from the Panel’s work and achievements
11 Apr	<ul style="list-style-type: none"> Cabinet Member Question Session 	<ul style="list-style-type: none"> Question and answer session with Cabinet Member for Enterprise, Development & Regeneration Report on Planning System
	<ul style="list-style-type: none"> Progress Report – Schools 	<ul style="list-style-type: none"> Councillor Fiona Gordon, Convener, attending to update on headlines from the Panel’s work and

	Performance Panel	achievements
	<ul style="list-style-type: none"> Scrutiny of Swansea Public Services Board 	<ul style="list-style-type: none"> To consider implication of introduction of statutory Public Services Boards (in place of Local Service Boards) through the Wellbeing of Future Generations (Wales) Bill.
9 May	<ul style="list-style-type: none"> Cabinet Member Question Session 	<ul style="list-style-type: none"> Question and answer session with Cabinet Member for Environment & Transport
	<ul style="list-style-type: none"> Final Inquiry Reports: <ul style="list-style-type: none"> CAMHS 	<ul style="list-style-type: none"> To receive the final report (including conclusions and recommendations) of the Inquiry Panel from the convener, prior to submission to Cabinet for decision
	<ul style="list-style-type: none"> Progress Report – Local Service Board Performance Panel 	<ul style="list-style-type: none"> Convener attending to update on headlines from the Panel’s work and achievements
	<ul style="list-style-type: none"> Annual Work Plan Review 	<ul style="list-style-type: none"> To reflect on the year’s work, achievements, experiences, issues, ideas for future scrutiny

Appendix 3
Service Improvement and Finance Scrutiny Performance Panel
Work Plan 2015/16

Date for Panel Meeting	Item to be discussed
Meeting 1 13th May	<ul style="list-style-type: none"> • ICT project update • Q & A with Councillor David Hopkins, Cabinet Member for Communities & Housing: to discuss the implementation and impact of budget decisions within his portfolio • <i>Annual work plan review – to reflect on the year’s work, achievement, experiences, issues, ideas for future scrutiny. (Postponed until the next meeting)</i> • Development of work plan for 2015/16 <p><i>Note – Cllr Chris Holley, new Convener of the Panel for this and subsequent meetings.</i></p>
Meeting 2 10th June	<ul style="list-style-type: none"> • Overview of New Performance Framework & Indicators Richard Rowlands, Corporate Improvement Manger • Annual work plan review – to reflect on the year’s work, achievement, experiences, issues, ideas for future scrutiny
Meeting 3 8th July	<ul style="list-style-type: none"> • Cllr Robert Francis-Davies, Cabinet Member for Enterprise, Development & Regeneration and Tracey McNulty, Head of Cultural Services : • Grand Theatre. • City Centre Regeneration - Meeting Cancelled
Meeting 4 12th August	<ul style="list-style-type: none"> • Q and A session with Councillor Mark Child, Cabinet Member for Well Being & Healthy City: to discuss the implementation and impact of budget decisions within his portfolio. • Q and A session with Councillor Clive Lloyd, Cabinet Member for Transformation & Performance: to discuss the implementation and impact of budget decisions within his portfolio.
Meeting 5 16th September	<ul style="list-style-type: none"> • Cllr Robert Francis-Davies, Cabinet Member for Enterprise, Development & Regeneration and Tracey McNulty, Head of Cultural Services : • Grand Theatre. • City Centre Regeneration • End of year Budget

	<ul style="list-style-type: none"> • 1st Quarter Budget Monitoring Report including Budget Savings Tracker. Mike Hawes, Head of Finance and Performance
Meeting 6 14th October	<ul style="list-style-type: none"> • End of Year Performance Monitoring Report 2014-15 Richard Rowlands, Corporate Improvement Manager • 1st Quarter Performance Monitoring Report, including Policy Commitments Tracker Richard Rowlands, Corporate Improvement Manager
Meeting 7 11th November	<ul style="list-style-type: none"> • Q and A session with Jane Harris, Cabinet Member for Services for Adults & Vulnerable People to discuss the implementation and impact of budget decisions within her portfolio. (postponed until a later meeting) • ICT update – Sarah Caulkin/Jo Harley • Mid-Year Budget Statement: Mike Hawes, Head of Finance & Delivery
Meeting 8 9th December	<ul style="list-style-type: none"> • Welsh Public Library Standards– Annual Performance Report Tracey McNulty - Head of Cultural Services Steve Hardman – Library Service Manager • Recycling and Landfill – Annual Performance Monitoring Chris Howells – Head of Waste Management & Parks Operations Ian Whettleton – Group Leader Waste Management • Commercial Services and Procurement Chris Williams – Head of Commercial Services Andrew Williams & Simon Mason – Procurement Officers • Annual Review of Performance 2014-15
Meeting 9 20th January	<ul style="list-style-type: none"> • 2nd Quarter Performance Monitoring Report, including Policy Commitments Tracker (reporting to Cabinet in December) Richard Rowlands, Corporate Improvement Manager • Annual Review of Performance Richard Rowlands, Corporate Improvement Manager • 2nd Quarter Budget Monitoring Report, including Budget Savings Tracker Mike Hawes, Head of Finance & Performance

Meeting 10 10th February	<p>Report of the Cabinet Member for Finance & Strategy Special Cabinet Budget Reports (Cabinet meeting to be held on 15th February) Cllr Rob Stewart, Leader/Cabinet Member for Finance & Strategy Ben Smith, Chief Accountant & Deputy Section 151 Officer</p>
Meeting 11 9th March	<ul style="list-style-type: none"> • Q and A session with Councillor Christine Richards, Cabinet Member for Services for Children & Young People to discuss the implementation and impact of budget decisions within her portfolio. • Q and A session with Councillor Jane Harris, Cabinet Member for Adults & Vulnerable People to discuss the implementation and impact of budget decisions within her portfolio • 3rd Quarter Budget Monitoring Report, including Budget Savings Tracker Mike Hawes, Head of Finance & Performance Ben Smith, Chief Accountant & Deputy Section 151 Officer
Meeting 12 13th April	<ul style="list-style-type: none"> • 3rd Quarter Performance Monitoring Report, including Policy Commitments Tracker (reporting to Cabinet in March) Richard Rowlands, Corporate Improvement Manager • ICT – procurement of Oracle Support & transition review Sarah Caulkin – Head of Information & Business Change Jo Harley – ICT Strategic Performance Manager
Meeting 13 11th May	<ul style="list-style-type: none"> • Annual work plan review To reflect on the year's work, achievements, experiences, issues, ideas for future scrutiny. • Draft work plan for 2016/17

Appendix 4

Lead Scrutiny Councillor / Officer Contacts:

Activity	Lead Councillor	Lead Scrutiny Officer
Scrutiny Programme Committee	Mary Jones cllr.mary.jones@swansea.gov.uk	Brij Madahar (01792 637257) brij.madahar@swansea.gov.uk
Inquiry Panels:		
Child & Adolescent Mental Health Services How is the Council working with health and other partners to reduce demand for specialist child and adolescent mental health services?	Mary Jones cllr.mary.jones@swansea.gov.uk	Delyth Davies (01792 637491) delyth.davies@swansea.gov.uk
Building Sustainable Communities How can the council best support residents to run services in their own communities?	Terry Hennegan cllr.terry.hennegan@swansea.gov.uk	Michelle Roberts (01792 637256) michelle.roberts@swansea.gov.uk
Inquiry Panels (follow up)		
Inward Investment	Jeff Jones cllr.jeff.w.jones@swansea.gov.uk	Michelle Roberts (01792 637256) michelle.roberts@swansea.gov.uk
Streetscene	John Bayliss cllr.john.bayliss@swansea.gov.uk	Delyth Davies (01792 637491) delyth.davies@swansea.gov.uk
Social Care at Home	Uta Clay cllr.uta.clay@swansea.gov.uk	Dave Mckenna (01792 636090) dave.mckenna@swansea.gov.uk
Corporate Culture	Andrew Jones cllr.andrew.jones@swansea.gov.uk	Michelle Roberts (01792 637256) michelle.roberts@swansea.gov.uk

Education Inclusion	Cheryl Philpott cllr.cheryl.philpott@swansea.gov.uk	Michelle Roberts (01792 637256) michelle.roberts@swansea.gov.uk
School Governance	Fiona Gordon cllr.fiona.gordon@swansea.gov.uk	Dave Mckenna (01792 636090) dave.mckenna@swansea.gov.uk
Performance Panels:		
Child & Family Services	Paxton Hood-Williams cllr.paxton.hood-williams@swansea.gov.uk	Delyth Davies (01792 637491) delyth.davies@swansea.gov.uk
Service Improvement & Finance	Chris Holley cllr.chris.holley@swansea.gov.uk	Rosie Jackson (01792 636292) rosie.jackson@swansea.gov.uk
Schools	Fiona Gordon cllr.fiona.gordon@swansea.gov.uk	Michelle Roberts (01792 637256) michelle.roberts@swansea.gov.uk
Local Service Board (multi-agency)	Mary Jones cllr.mary.jones@swansea.gov.uk	Rosie Jackson (01792 636292) rosie.jackson@swansea.gov.uk
Other Panels / Working Groups:		
Transformation of Adult Social Services	Uta Clay cllr.uta.clay@swansea.gov.uk	Delyth Davies (01792 637491) delyth.davies@swansea.gov.uk
Local Flood Risk Management	Susan Jones cllr.susan.m.jones@swansea.gov.uk	Rosie Jackson (01792 636292) rosie.jackson@swansea.gov.uk

Civic Events	Anthony Colburn cllr.anthony.colburn@swansea.gov.uk	Delyth Davies (01792 637491) delyth.davies@swansea.gov.uk
Welsh Housing Quality Standard	Terry Hennegan cllr.terry.hennegan@swansea.gov.uk	Rosie Jackson (01792 636292) rosie.jackson@swansea.gov.uk
Tethered Horses	Jeff Jones cllr.jeff.w.jones@swansea.gov.uk	Dave Mckenna (01792 636090) dave.mckenna@swansea.gov.uk
Tackling Poverty (pre-inquiry)	Sybil Crouch cllr.sybil.crouch@swansea.gov.uk	Dave Mckenna (01792 636090) dave.mckenna@swansea.gov.uk
Tree Preservation	David Cole cllr.david.cole@swansea.gov.uk	Rosie Jackson (01792 636292) rosie.jackson@swansea.gov.uk

Agenda Item 12



CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

2 March 2016

Mrs Lee Morgan
Head of Housing and Public Protection
City & County of Swansea
Civic Centre
Swansea
SA1 3SN

Dear Mrs Morgan

Audit Committee – Trading Standards Audit

At the last meeting of the Audit Committee, the Chief Auditor presented a report showing the audits which had been finalised during the third quarter of 2015/16. The report highlighted any audits which had received a 'moderate' or 'limited' level of assurance and also identified the reasons why the audits received the negative level of assurance.

The Committee noted that Trading Standards had received a moderate level of assurance and it was reported that at the previous audit the service received an adequate opinion rating which is the equivalent of a moderate level of assurance.

The main issues which led to Trading Standards receiving a moderate level of assurance were

- Incomplete checks undertaken prior to the issue of Street Trading licences
- Cash seizure forms not pre-numbered
- No evidence of cash seized being counted by 2 officers
- Goods seizure forms not pre-numbered
- No evidence of disposal of seized goods being authorised by 2 officers
- Potential overpayment of travelling expenses
- Issues regarding the control and review of Proceeds of Crime Act investigations

The Committee were concerned that there appeared to be no improvement in the controls operating over Trading Standards since the previous audit in 2011/12 and asked me to write to you to say that the Committee expected to see a significant improvement in internal control as a result of the recent audit.

CHAIR OF AUDIT COMMITTEE / CADEIRYDD Y PWYLLGOR ARCHWILIO
ALAN THOMAS

C/O GUILDHALL, SWANSEA, SA1 4PE
D/O NEUADD Y DDINAS, ABERTAWE SA1 4PE

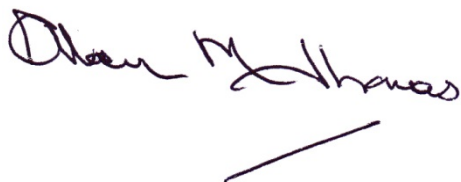
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✉ Chair.Audit@swansea.gov.uk www.swansea.gov.uk

I understand that a follow up audit will be undertaken by the Internal Audit Section after Easter to check that the agreed recommendations had been implemented within the agreed timescale. The results of the follow up audit will be reported to the Audit Committee in August 2016 where it is expected that substantial progress will have been made implementing the recommendations.

In the meantime, I would appreciate the opportunity to meet with you to discuss the issues arising from the recent audit ahead of the follow up visit. Please could you suggest an appropriate time to meet? My e-mail address is shown below or alternatively, please liaise with Paul Beynon (Chief Auditor) who can contact me to agree a date.

Yours sincerely



Mr Alan Thomas
Chair of Audit Committee

**If you require this or any other information in another format
e.g. Braille, audio tape or a different language, please contact me**

**CHAIR OF AUDIT COMMITTEE / CADEIRYDD Y PWYLLGOR ARCHWILIO
ALAN THOMAS**

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CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

2 March 2016

Miss Sarah Crawley
Head of Poverty and Prevention
City & County of Swansea
Civic Centre
Swansea
SA1 3SN

Dear Miss Crawley

**Audit Committee – Swansea Children’s Centre & Mayhill
Family Centre Audit**

At the last meeting of the Audit Committee, the Chief Auditor presented a report showing the audits which had been finalised during the third quarter of 2015/16. The report highlighted any audits which had received a ‘moderate’ or ‘limited’ level of assurance and also identified the reasons why the audits received the negative level of assurance.

The Committee noted that the Swansea Children’s Centre / Mayhill Family Centre audit had received a moderate level of assurance

The main issues which led to the audit receiving a moderate level of assurance were:

- The ISiS Purchase to Pay system was not used for procurement
- An overpayment was identified due to a delay in processing invoices for payment
- Corporate contracts were not always used
- A number of issues relating to the use of P Cards e.g. paying utility bills, multiple purchases from the same supplier and purchases from a corporate contract
- The inventories at both sites were not up to date
- The disposal and transfer of inventory items were not documented
- Annual inventory certificates had not been completed

The Audit Committee were concerned that the service had received a moderate level of assurance and asked me to write to you to say that the Committee expected to see a significant improvement in internal control as a result of the recent audit.

CHAIR OF AUDIT COMMITTEE / CADEIRYDD Y PWYLLGOR ARCHWILIO
ALAN THOMAS

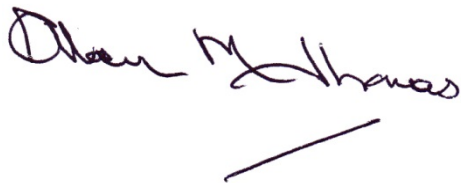
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I understand that a follow up audit will be undertaken by the Internal Audit Section after Easter to check that the agreed recommendations have been implemented within the agreed timescale. The results of the follow up audit will be reported to the Audit Committee in August 2016 where it is expected that substantial progress will have been made implementing the recommendations.

Yours sincerely



Mr Alan Thomas
Chair of Audit Committee

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**CHAIR OF AUDIT COMMITTEE / CADEIRYDD Y PWYLLGOR ARCHWILIO
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CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

2 March 2016

Mr Stuart Davies
Head of Highways and Transportation
City & County of Swansea
Clydach Depot
Players Industrial Estate
Clydach
Swansea SA6 5BJ

Dear Mr Davies

Audit Committee – Car Parks Audit

At the last meeting of the Audit Committee, the Chief Auditor presented a report showing the audits which had been finalised during the third quarter of 2015/16. The report highlighted any audits which had received a 'moderate' or 'limited' level of assurance and also identified the reasons why the audits received the negative level of assurance.

The Committee noted that Car Parks had received a moderate level of assurance and it was reported that at the previous audit the service also received a moderate level of assurance.

The main issues which led to Car Parks receiving a moderate level of assurance were:

- It was not always evident that 2 officers were involved in counting cash
- Explanations were not always provided for under and over bankings
- No warning message is produced when the trigger point for car park machine collections is reached
- Emergency barrier exit tickets issued by Deputy Manager are not recorded
- Some insurance issues identified
- Some errors in monthly VAT calculation
- No records kept of requests for replacement season tickets
- Season tickets are pre-numbered but no stock record maintained

The Committee were concerned that there appeared to be no improvement in the controls operating over Car Parks since the previous audit in 2013/14 and asked me to write to you to say that the Committee expected to see a significant improvement in internal control as a result of the recent audit.

CHAIR OF AUDIT COMMITTEE / CADEIRYDD Y PWYLLGOR ARCHWILIO
ALAN THOMAS

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I understand that a follow up audit will be undertaken by the Internal Audit Section after Easter to check that the agreed recommendations had been implemented within the agreed timescale. The results of the follow up audit will be reported to the Audit Committee in August 2016 where it is expected that substantial progress will have been made implementing the recommendations.

In the meantime, I would appreciate the opportunity to meet with you to discuss the issues arising from the recent audit ahead of the follow up visit. Please could you suggest an appropriate time to meet? My e-mail address is shown below or alternatively, please liaise with Paul Beynon (Chief Auditor) who can contact me to agree a date.

Yours sincerely



Mr Alan Thomas
Chair of Audit Committee

If you require this or any other information in another format e.g. Braille, audio tape or a different language, please contact me

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CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

2 March 2016

Ms Tracey McNulty
Head of Cultural Services
City & County of Swansea
The Guildhall
Swansea

Dear Ms McNulty

**Audit Committee – Pentrehafod Pool and Sports Hall /
Outdoor Leisure Spot Checks**

At the last meeting of the Audit Committee, the Chief Auditor presented a report showing the audits which had been finalised during the third quarter of 2015/16. The report highlighted any audits which had received a 'moderate' or 'limited' level of assurance and also identified the reasons why the audits received the negative level of assurance.

The Committee noted that the Pentrehafod Pool and Sports Hall and the Outdoor Leisure Spot Checks audits had both received a moderate level of assurance.

The main issues which led to the audits receiving a moderate level of assurance were:

Pentrehafod Pool and Sports Hall

- It was not possible to confirm that all staff had valid Disclosure and Barring Service checks
- A copy of the fire evacuation procedure was not held on site
- Club booking forms were not completed and there was no evidence of club's insurance details being retained
- A significant income deficit had not been investigated

Outdoor Leisure Spot Checks

- Traffic Regulation Orders were not in place for 2 car parks which meant that enforcement action could not be taken
- Individual vehicle details are not recorded on parking permits issued
- Staff car parking permits had not been approved by the Head of Service

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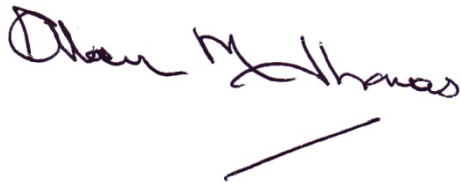
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- Approval of the terms and conditions for parking permits could not be found

The Audit Committee were concerned that the audits had received a moderate level of assurance and asked me to write to you to say that the Committee expected to see a significant improvement in internal control as a result of the recent audits.

I understand that a follow up audit of each service will be undertaken by the Internal Audit Section after Easter to check that the agreed recommendations have been implemented within the agreed timescale. The results of the follow up audit will be reported to the Audit Committee in August 2016 where it is expected that substantial progress will have been made implementing the recommendations.

Yours sincerely



Mr Alan Thomas
Chair of Audit Committee

If you require this or any other information in another format e.g. Braille, audio tape or a different language, please contact me

**CHAIR OF AUDIT COMMITTEE / CADEIRYDD Y PWYLLGOR ARCHWILIO
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Agenda Item 13

Report of the Head of Finance & Delivery

Audit Committee – 19 April 2016

AUDIT COMMITTEE – WORKPLAN

Purpose:	This report details the Audit Committee Workplan to May 2016.
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 2016 is attached in Appendix 1 for information
- 1.2 A draft Workplan for the following year is also attached in Appendix 2

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 2015/16

Appendix 2 – Draft Audit Committee Workplan 2016/17

AUDIT COMMITTEE WORKPLAN 2015/16

Date of Meeting	Reports
19 April 2016	WLGA Peer Review – Progress Update Wales Audit Office - Annual Plan 2016 Internal Audit Charter 2016/17 Internal Audit Annual Plan 2016/17 Draft Audit Committee Annual Report 2015/16 Scrutiny Work Programme 2015/16 Chair's Letters Corporate Fraud Team Investigation Report

DRAFT AUDIT COMMITTEE WORKPLAN 2016/17

Date of Meeting	Reports
14 June 2016	Audit Committee - Training
June 2016	Corporate Governance Review Report Section 106 Planning Obligations – Update YGG Lon Las Draft Response to Cabinet Internal Audit Monitoring Report Q4 2015/16 Risk Management Annual Review 2015/16 Final Audit Committee Annual Report 2015/16
July 2016 – Special Meeting	Draft Statement of Accounts 2015/16 Draft Annual Governance Statement 2015/16
August 2016	Internal Audit Annual Report 2015/16 Corporate Fraud Team Annual Report 2015/16 Annual Report of School Audits 2015/16 Internal Audit Monitoring Report Q1 2016/17 Bad Debt Write Offs - Update
September 2016 – Special Meeting	Audited Statement of Accounts 2015/16 Wales Audit Office ISA 260 Report 2015/16
October 2016	Chair of Scrutiny Programme Committee Head of Commercial Services – Commercialism Strategy Wales Audit Office Performance Audit – Mid Term Report Risk Management Half Yearly Review 2016/17
December 2016	Wales Audit Office Controls Report 2015/16 Wales Audit Office Annual Audit Letter 2015/16 Internal Audit Monitoring Report Q2 2016/17 Recommendations Tracker Report 2014/15
February 2017	Wales Audit Office Performance Audit Update Internal Audit Monitoring Report Q3 2016/17 Internal Audit Plan 2017/18 - Methodology Audit Committee Review of Performance 2016/17
April 2017	Wales Audit Office Annual Plan 2017 Internal Audit Charter 2017/18 Internal Audit Annual Plan 2017/18 Risk Management Annual Review 2016/17 Draft Audit Committee Annual Report 2016/17

Report of the Head of Legal & Democratic Services

Audit Committee – 19 April 2016

EXCLUSION OF THE PUBLIC

Purpose:	To consider whether the Public should be excluded from the following items of business.	
Policy Framework:	None.	
Reason for Decision:	To comply with legislation.	
Consultation:	Legal.	
Recommendation(s):	It is recommended that:	
1)	The public be excluded from the meeting during consideration of the following item(s) of business on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Paragraphs listed below of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 subject to the Public Interest Test (where appropriate) being applied.	
	Item No.	Relevant Paragraphs in Schedule 12A
	15	14
Report Author:	Democratic Services	
Finance Officer:	Not Applicable	
Legal Officer:	Patrick Arran – Head of Legal & Democratic Services (Monitoring Officer)	

1. Introduction

- 1.1 Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, allows a Principal Council to pass a resolution excluding the public from a meeting during an item of business.
- 1.2 Such a resolution is dependant on whether it is likely, in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present during that item there would be disclosure to them of exempt information, as defined in section 100I of the Local Government Act 1972.

2. Exclusion of the Public / Public Interest Test

- 2.1 In order to comply with the above mentioned legislation, Cabinet will be requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Exclusion Paragraphs of Schedule 12A of the Local Government

Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

- 2.2 Information which falls within paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended is exempt information if and so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 2.3 The specific Exclusion Paragraphs and the Public Interest Tests to be applied are listed in **Appendix A**.
- 2.4 Where paragraph 16 of the Schedule 12A applies there is no public interest test. Councillors are able to consider whether they wish to waive their legal privilege in the information, however, given that this may place the Council in a position of risk, it is not something that should be done as a matter of routine.

3. Financial Implications

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

4. Legal Implications

- 4.1 The legislative provisions are set out in the report.
- 4.2 Councillors must consider with regard to each item of business set out in paragraph 2 of this report the following matters:
 - 4.2.1 Whether in relation to that item of business the information is capable of being exempt information, because it falls into one of the paragraphs set out in Schedule 12A of the Local Government Act 1972 as amended and reproduced in Appendix A to this report.
 - 4.2.2 If the information does fall within one or more of paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended, the public interest test as set out in paragraph 2.2 of this report.
 - 4.2.3 If the information falls within paragraph 16 of Schedule 12A of the Local Government Act 1972 in considering whether to exclude the public members are not required to apply the public interest test but must consider whether they wish to waive their privilege in relation to that item for any reason.

Background Papers: None.

Appendices: Appendix A – Public Interest Test.

Public Interest Test

No.	Relevant Paragraphs in Schedule 12A
12	Information relating to a particular individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 12 should apply. His view on the public interest test was that to make this information public would disclose personal data relating to an individual in contravention of the principles of the Data Protection Act. Because of this and since there did not appear to be an overwhelming public interest in requiring the disclosure of personal data he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
13	Information which is likely to reveal the identity of an individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 13 should apply. His view on the public interest test was that the individual involved was entitled to privacy and that there was no overriding public interest which required the disclosure of the individual's identity. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
14	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 14 should apply. His view on the public interest test was that:</p> <p>a) Whilst he was mindful of the need to ensure the transparency and accountability of public authority for decisions taken by them in relation to the spending of public money, the right of a third party to the privacy of their financial / business affairs outweighed the need for that information to be made public; or</p> <p>b) Disclosure of the information would give an unfair advantage to tenderers for commercial contracts.</p> <p>This information is not affected by any other statutory provision which requires the information to be publicly registered.</p> <p>On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

No.	Relevant Paragraphs in Schedule 12A
15	<p>Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 15 should apply. His view on the public interest test was that whilst he is mindful of the need to ensure that transparency and accountability of public authority for decisions taken by them he was satisfied that in this case disclosure of the information would prejudice the discussion in relation to labour relations to the disadvantage of the authority and inhabitants of its area. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
16	<p>Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</p>
	<p>No public interest test.</p>
17	<p>Information which reveals that the authority proposes: (a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) To make an order or direction under any enactment.</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 17 should apply. His view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by the public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
18	<p>Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 18 should apply. His view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

Agenda Item 15

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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