

CITY AND COUNTY OF SWANSEA

MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 3A, GUILDHALL, SWANSEA ON
TUESDAY, 28 JUNE 2016 AT 2.00 PM

PRESENT: Mr A M Thomas (Chair) Presided

Councillor(s)

C Anderson
J W Jones
R V Smith

Councillor(s)

T J Hennegan
P M Meara
L V Walton

Councillor(s)

P R Hood-Williams
D Phillips
T M White

Officer(s)

Tracey Meredith

Ben Smith
Simon Cockings
Jeremy Parkhouse

Deputy Head of Legal & Democratic Services and
Deputy Monitoring Officer

Chief Finance Officer / Deputy Section 151 Officer
Senior Auditor
Democratic Services Officer

Also Present

David Williams

Wales Audit Office

Apologies for Absence

Councillor(s): R A Clay, L James and C Thomas

6 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 M White – Minute No.10 – Wales Audit Office Update – I am a recipient of the Pension Fund – Personal.

7 MINUTES.

RESOLVED that the Minutes of the previous meeting of the Audit Committee held on 14 June 2016 were approved as a correct record.

8 CORPORATE GOVERNANCE REVIEW REPORT.

The Deputy Head of Legal and Democratic Services presented an update on the Governance Review. It was explained that the report was drafted following the Welsh Local Government Association (WLGA) Peer Review and the Wales Audit Office Corporate Assessment reports which both looked at governance issues within the Council.

In response, the Head of Legal and Democratic Services undertook an overall governance review and Rod Alcott, WLGA was engaged to act as an external critical

friend. The report prepared by Rod Alcott, which had been seen by both Executive Board and the Leader, whose comments were inserted into the report. A copy of the Report was provided at Annex A and the recommendations / comments of the Leader and Chief Executive were highlighted.

The Committee asked questions of the Officer, who responded accordingly. The following was discussed: -

- Understanding the differences between the work of Members / Officers;
- Roles of Cabinet Advisory Committees and the work and monitoring of the Co-ordinating Allocation Group;
- The work and priorities of the Audit Committee and regular monitoring of the Annual Governance Report;
- Ensuring that the recommendations within the report are completed and monitored.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) The recommendations contained within the report be regularly monitored and where appropriate feedback be provided by the Deputy Head of Legal and Democratic Services.

9 **CERTIFICATION OF GRANTS AND RETURNS 2013/14 AND 2014/15.**

David Williams, Wales Audit Office presented the Certification of Grants and Returns 2013/14 and 2014/15. It was noted that these were the recommendations of the Council's former external auditors, the external audit work having now rotated directly to WAO. It was summarised that the Authority had generally adequate arrangements in place for the production and submission of both its 2013/14 and 2014/15 grant claims. It was added that there was scope for improvement based on the following: -

- The Authority worked closely with the auditors to ensure that an accurate and up to date schedule of grants was in place for both financial years; and
- There was scope to further improve the Authority's arrangements for production of its grant claims.

The Authority submitted 80% of its claims on time in 2013/14. One claim did not have a specified deadline date. The Authority submitted 82% of its claims on time in 2014/15. The auditors certified all of the claims, at a total audit cost of £106,615 (2013/14) and £87,411 (2014/15). Overall, the audits resulted in reduction in the grants and returns claimed of £535,221 by the Authority in respect of 2013/14 and a lower reduction of £468,642 in respect of 2014/15.

The recommendations, which had been given a risk rating, had agreed actions for management.

The Committee asked a number of questions of the Wales Audit Office representative and the Chief Finance / Deputy Section 151 Officer who responded accordingly. Discussions centred around the following: -

- The importance of ensuring that lessons had been learned and progress regarding recommendations is monitored very closely;
- That overall the direction of travel was positive in terms of fewer adjustments and lower value adjustments
- The risk of future loss of grant funding to the Authority;
- The majority of grant adjustments being lower level claims;
- Grants and returns, particularly in relation to NNDR in 2013/14; Swansea Joint Venture – Felindre in 2014/15; School effectiveness and pupil deprivation grant; and recommendations R1 to R4;
- Lack of maintained records in some instances by the Authority in relation to grants which could be reclaimed as a result of the lack of information retained;
- General record keeping by the Authority in relation to grants;
- The High standards applied by external auditors in relation to examining the certification of grants and returns and the large amount of money being dealt with by the Council overall in relation to the value of items highlighted in the report;
- Grant procedures undertaken by schools, how schools can prove what grants were used for e.g. pupil deprivation grant; and checking procedures on schools undertaken by Internal Audit;
- The system of reporting audit findings to Executive Board / Heads of Service.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) All Responsible Officers be advised and reminded of the external auditors findings and the obligation to maintain at all times adequate and complete records to support future grant certification claims
- 3) A letter be circulated to schools highlighting the need to retain relevant paperwork in relation to grants claimed in order to prove if the funding was used appropriately.

10 **WALES AUDIT OFFICE - UPDATE REPORT.**

David Williams, Wales Audit Office presented the City and County of Swansea Update Report – July 2016.

The report contained updates regarding the following areas: -

- Financial audit work 2015-16 – City & County of Swansea Pension Fund;
- Financial audit work 2015-16 – City & County of Swansea;
- Performance work 2015-2016 – City & County of Swansea.

RESOLVED that the contents of the report be noted.

11 **YGG LON LAS DRAFT RESPONSE TO CABINET.**

The Chair presented the report which provided the draft response to Cabinet following the review of the YGG Lon Las New Build project following its referral by Cabinet so that lessons may be learned and adopted within future projects. The

report allowed the Audit Committee to discuss, review and contribute to the Audit Committee response.

The Committee commented on the following: -

- The last sentence of paragraph 3.7.1 be deleted;
- Implementing best practice into future projects and learning from previous experiences;
- Obtaining more accurate information at the start of projects by initially spending more;
- The importance of budget planning and effective, realistic financial planning at the outset of projects;
- The importance of keeping local councillors informed of projects within their wards.

The Chair requested that any further comments be forwarded to him or the Chief Auditor.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) Additional comments be forwarded to the Chair / Chief Auditor;
- 3) The updated report be forwarded to Cabinet.

12 **FINAL AUDIT COMMITTEE ANNUAL REPORT 2015/16.**

The Chair presented the Audit Committee Annual Report 2015/16 for approval, prior to being presented to Council.

RESOLVED that the Audit Committee Annual Report 2015/16 be approved and be presented to Council in July / August 2016.

13 **AUDIT COMMITTEE WORK PLAN. (FOR INFORMATION)**

The Audit Committee Work Plan was reported for information.

The meeting ended at 3.51 pm

CHAIR