

# DINAS A SIR ABERTAWE

## HYSBYSIAD O GYFARFOD

Fe'ch gwahoddir i gyfarfod

## PWYLLGOR ARCHWILIO

**Lleoliad:** Ystafell Bwyllgor 5, Neuadd y Ddinas, Abertawe

**Dyddiad:** Dydd Mawrth, 3 Ionawr 2017

**Amser:** 2.00 pm

**Cadeirydd:** Mr Alan M Thomas

### Aelodaeth:

Cynghorwyr: 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 a/ac T M White

## AGENDA

Rhif y Dudalen.

- 1 Ymddiheuriadau am absenoldeb.
- 2 Datgeliadau o fuddiannau personol a rhagfarnol.  
[www.abertawe.gov.uk/DatgeliadauBuddiannau](http://www.abertawe.gov.uk/DatgeliadauBuddiannau)
- 3 **Cofnodion.** 1 - 9  
Cymeradwyo a llofnodi cofnodion y cyfarfod(ydd) blaenorol fel cofnod cywir.
- 4 **Pwyllgorau Cynghori'r Cabinet - Y Diweddaraf. (Llafar)**
- 5 **Swyddfa Archwilio Cymru - Llythyr Archwiliad Blynyddol 2015/16.** 10 - 12
- 6 **Adroddiad Diweddarau Swyddfa Archwilio Cymru.** 13 - 17
- 7 **Adroddiad Monitro Archwilio Mewnol - Chwarter 2 2016/17.** 18 - 28
- 8 **Adroddiad Orlhain Argymhellion 2015/16.** 29 - 36
- 9 **Adroddiad Orlhain Gweithredoedd y Pwyllgor Archwilio. (Er Gwybodaeth)** 37 - 43
- 10 **Cynllun Gwaith y Pwyllgor Archwilio. (Er Gwybodaeth)** 44 - 45

**Cyfarfod nesaf:** Dydd Mawrth, 14 Chwefror 2017 ar 2.00 pm

*Huw Evans*

**Huw Evans**  
**Pennaeth Gwasanaethau Democrataidd**  
**Dydd Mawrth, 27 Rhagfyr 2016**

---

**Cyswllt: Gwasanaethau Democrataidd**

# Agenda Item 3

## CITY AND COUNTY OF SWANSEA

### MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 3A, GUILDHALL, SWANSEA ON  
TUESDAY, 25 OCTOBER 2016 AT 2.00 PM

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

**Councillor(s)**

C Anderson  
L James  
L V Walton

**Councillor(s)**

R A Clay  
J W Jones  
T M White

**Councillor(s)**

T J Hennegan  
R V Smith

**Officer(s)**

Paul Beynon	Chief Auditor
Lucy Moore	Directorate Lawyer
Simon Cockings	Senior Auditor
Jeremy Parkhouse	Democratic Services Officer

**Also Present**

Geraint Norman                      Wales Audit Office

**Apologies for Absence**

Councillor(s): P R Hood-Williams, P M Meara and D Phillips

37 **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.39 – Audit Report of School Audits – School Governor at Seaview Primary School – personal.

Councillor T J Hennegan - Minute No.39 – Audit Report of School Audits – School Governor at Clwyd Primary School – personal and Minute No.40 – Bad Debt Write Offs Update Report - I am a Council tenant with the Authority – personal.

Councillor L James - Minute No.39 – Audit Report of School Audits – School Governor at Pennard Primary School – personal.

Councillor J W Jones - Minute No.39 – Audit Report of School Audits – School Governor – personal.

Councillor R V Smith – Minute No.39 – Audit Report of School Audits – School Governor – School Governor at YGG Pontybrenin and YG Gwyr – personal.

Councillor L V Walton - Minute No.39 – Audit Report of School Audits – School Governor at Dylan Thomas School – personal.

Councillor T M White - Minute No.39 – Audit Report of School Audits – School Governor – personal.

38 **MINUTES.**

**RESOLVED** that the Minutes of the Audit Committee held on 30 August and Special Audit Committee held on 20 September 2016 were approved as correct records.

39 **ANNUAL REPORT OF SCHOOL AUDITS 2015/16.**

The Chief Auditor and Group Auditor provided a summary report of the school audits undertaken by the Internal Audit Section during 2015/16 and which identified some common issues found during the audits.

It was outlined that an audit of each primary, secondary and special school in Swansea was undertaken every 3 years. A standard audit programme existed for each school sector. For a number of years, a report summarising the school audits undertaken each year had been prepared for the Chief Education Officer. The report also identified the common themes which had been found during the audits.

The School Audits Annual Report 2015/16 was attached at Appendix 1.

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

- The amount of money available for schools to spend on procuring goods and services is relatively small ;
- Holding schools to account for not complying with Internal Audit procedures / requests;
- The number of schools that had opted out of the Procurement Service Level Agreement (SLA), the cost effectiveness of the current agreement and the proposed changes to procedures being considered by Procurement;
- Issues relating to specific schools in Swansea that had previously been discussed by Committee and the need to have a robust process and to highlight outstanding matters to Governors;
- Chair and Chief Auditor discussions with the Chief Education Officer;
- The importance of recognising that the majority of schools are providing a good service and moderate audit opinions are very few;
- Introduction of purchasing charge cards in schools and the controls surrounding their use;
- High price of quotations provided to schools by some Council services;
- Tendering procedures undertaken by schools;
- The need to concentrate on high risk areas / schools.

**RESOLVED** that: -

- 1) The contents of the report be noted;
- 2) The Head of Commercial Services be invited to the next scheduled meeting to discuss the Service Level Agreement;

- 3) The Chief Education Officer be invited to the next scheduled meeting to discuss the influence the centre can exercise over compliance with procedures by schools.

40 **BAD DEBT WRITE OFFS - UPDATE REPORT.**

The Chief Auditor provided a 'for information' report that outlined details of the debts written off by the Council in the last 3 financial years and an outline of the robust debt recovery procedures that were followed by services before a debt was submitted for write off.

It was added that the Interim Head of Legal / Monitoring Officer was proposing to recommend to Council a change to Financial Procedure Rule 11.6 for writing off debts in excess of £10k to remove reference to the Cabinet Member with responsibility for Finance and insert the Head of Legal and Democratic Services instead. This would add to the robustness of the debt recovery procedure by ensuring that all legal options had been considered. The Cabinet Member responsible for the relevant service would continue to approve write offs. If approved the amended rule would be

*'Debts which are not recoverable must be written off. The Chief Financial Officer must approve all write off of debts up to £10,000. Debts above £10,000 may be written off with the approval of the Chief Financial Officer, the Head of Legal and Democratic Services and the Cabinet Member responsible for the relevant service.'*

Details of debts written off 2013/14 – 2015/16 and the debt recovery procedures undertaken for the most significant types of debt were provided.

41 **CHAIR / WALES AUDIT OFFICE LIAISON MEETING.**

The Chief Auditor presented a report that provided details of a liaison meeting held on 3 October 2016 attended by the Chair, Chief Auditor and representatives of the Wales Audit Office.

It was stated that the Wales Audit Office representatives felt that based on the experience of meetings attended, the Audit Committee was largely operating well with positive contributions from Members to the issues raised. Suggestions were put forward for consideration regarding amending procedures / introducing new practices and these were outlined.

The Committee asked questions relating to the Council's Risk Register and access to the Section 106 database.

**RESOLVED** that: -

- 1) The contents of the report be noted;
- 2) Confirmation be provided regarding Member access to the Section 106 database.

42 **AUDIT COMMITTEE ACTION TRACKER REPORT. (FOR INFORMATION)**

The Audit Committee Tracker Report was provided 'for information'.

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

The Audit Committee Work Plan was reported 'for information'.

The meeting ended at 3.28 pm

**CHAIR**

# **CITY AND COUNTY OF SWANSEA**

## **MINUTES OF THE SPECIAL AUDIT COMMITTEE**

**HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON  
TUESDAY, 13 DECEMBER 2016 AT 2.00 PM**

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

**Councillor(s)**

C Anderson  
L James  
T M White

**Councillor(s)**

T J Hennegan  
J W Jones

**Councillor(s)**

P R Hood-Williams  
L V Walton

**Officer(s)**

Paul Beynon - Chief Auditor  
Richard Rowlands - Business Performance Manager  
Tal Davies - Corporate Fraud Manager  
Jeff Fish - Corporate Fraud Investigations Officer  
Chris Williams - Head of Commercial Services  
Debbie Smith - Directorate Lawyer  
Pamela Milford - Senior Lawyer  
Jeremy Parkhouse - Democratic Services Officer  
Kate Jones - Democratic Services Officer

**Also Present**

Geraint Norman - Wales Audit Office

**Apologies for Absence**

Councillor(s): P M Meara and R V Smith

44 **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 – Agenda Item 9 – Corporate Fraud Team Investigation Report – Member of the LAWDAC Board – Personal.

45 **TRAINING PRESENTATION - RISK MANAGEMENT.**

Richard Rowlands, Business Performance Manager, provided training to the Committee on Risk Management. The training highlighted the following: -

- What is Risk
- The Risk Management Cycle
- Risk Identification
- Risk Evaluation
- Risk Response

- Risk Control
- Risk Management Framework on a Page
- Role of the Audit Committee

Questions were asked of the Officer, who responded accordingly. The questions centred around: -

- Process for Identifying Risks
- Level of Risks
- Risk Registers
- Review and Access to Risk Registers
- Risk Analysis on Individual Contracts
- Escalation of Risks
- Awareness and Training on Risk Management
- Performance Indicators
- New ICT System
- Timescales for Framework and ICT System
- Public Involvement
- Setting and Measuring Targets
- More Intelligent Outcome Focussed Targets

The Chair thanked the Presenting Officer for the training and update.

**RESOLVED** that: -

- 1) The contents of the training be noted;
- 2) An update on the progress of Risk Management be provided in March;
- 3) The presentation be circulated to the Committee.

46 **TRAINING PRESENTATION - COUNTER FRAUD.**

Tal Davies, Corporate Fraud Team Manager, provided training to the Committee on Counter Fraud. The training highlighted the following: -

- Corporate Responsibility Legislative Duty
- Corporate Responsibility Constitutional Duty
- Financial Procedure Rule (FPR) 1: Role and scope of FPR
- FPR 2: 2.1 Reasonable Actions
- FPR 2: 2.2 Training and Awareness
- FPR 2: 2.3 Compliance
- FPR 3: Financial Management Responsibilities
- FPR 12: Internal Audit
- Countering Fraud Strategy
- Corporate Fraud Team Aims and Remit
- Reinforcing the Remit and Aims
- Team Contact Details



Questions were asked of the Officer, who responded accordingly. The questions centred around: -

- Process for deciding on Prosecutions
- The Corporate Fraud Team being made permanent following the trial period
- Best Value
- Publication of Prosecuted Cases
- Targeted Areas

The Chair thanked the Officer for the training and comments and noted that good progress had been made. It was added that there was an excellent external network and it was positive news that the team had been made permanent.

**RESOLVED** that: -

- 1) The contents of the training be noted;
- 2) The presentation be circulated to the Committee.

47 **HEAD OF COMMERCIAL SERVICES PRESENTATION - COMMERCIALISM STRATEGY.**

Chris Williams, Head of Commercial Services, provided a presentation to the Committee on Commercialism Strategy. The presentation highlighted the following: -

- 1) Commercial Approach
- 2) Why do we Need Change?
- 3) City and County of Swansea Strategic Aims
- 4) City & County of Swansea Commercial Objectives
- 5) Commercialism

Questions were asked of the Officer, who responded accordingly. The questions centred around: -

- Criteria for analysing quotes
- Internal Pricing
- Education Department work
- Establishing Cost of Providing Services
- Selling Expertise
- Co-Working with Schools
- School Service Level Agreements
- Devolved Budgets

The Chair thanked the Presenting Officer for the presentation.

**RESOLVED** that

- 1) The contents of the presentation be noted;
- 2) Members of the Committee be invited to attend the forthcoming Headteacher Workshops;
- 3) The presentation be circulated to the Committee.

48 **AUDIT COMMITTEE ACTION TRACKER REPORT. (FOR INFORMATION)**

The Audit Action Tracker Report was reported for information.

The Committee sought clarity in respect of the Annual Report of School Audits 2015/16, Member access to the Section 106 database and procedures regarding audits that had received moderate assurance levels.

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

The Audit Committee Work Plan was reported for information.

50 **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 involves 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)**

51 **CORPORATE FRAUD TEAM INVESTIGATION REPORT.**

Jeff Fish, Corporate Fraud Investigations Officer, presented a report which provided details of an investigation by the Corporate Fraud Team relating to a Civic Amenity Site.

Questions were asked of the Presenting Officer who responded accordingly. Questions were focussed on actions taken and lessons learnt following the investigation.

**RESOLVED** that: -

- 1) The contents of the report be noted;
- 2) The Chair writes to the Head of Waste Management to seek assurance that the lessons learned from this investigation had been adopted by the service.

The meeting ended at 4.30 pm

**CHAIR**



24 Cathedral Road / 24 Heol y Gadeirlan  
Cardiff / Caerdydd  
CF11 9LJ  
Tel / Ffôn: 029 2032 0500  
Fax / Ffacs: 029 2032 0600  
Textphone / Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) / [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

Councillor Rob Stewart  
Leader  
City & County of Swansea  
The Guildhall  
Swansea  
SA1 4PE

**Reference:** 631A2016

**Date issued:** November 2016

Dear Councillor Stewart

## Annual Audit Letter – City & County of Swansea and Pension Fund 2015-16

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

### The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare Financial Statements in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the Financial Statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United

Kingdom. This Code is based on International Financial Reporting Standards. On 29 September 2016 I issued an unqualified audit opinion on the Financial Statements confirming that they present a true and fair view of the Council's and Pension Fund's financial position and transactions. My report is contained within the Financial Statements. The key matters arising from the audit of the Financial Statements were reported to Members at the Council Meeting on 22 September 2016, in my Audit of Financial Statements report.

Overall, the Financial Statements and associated working papers provided for audit were of a good standard. Your officers were helpful and supplied us with all the information we requested. I reported to you the more significant issues arising from our audit, which are summarised below:

- **C&CS Financial Statements** - further work is required to improve the Council's arrangements for accounting for fixed assets including the accounting treatment of non-enhancing capital expenditure, investment assets and council house land. The Council also needs to review its journal authorisation controls and limits and ensure that authorised signatory lists are up to date.
- **C&CS Pension Fund Financial Statements** - a number of amendments were made to the draft Financial Statements which increased the value of investments by £1,513,000. Controls over manual journals, the recording of pensioner numbers, year-end reconciliations between payroll and the pensions systems and compliance with the Statement of Investment Principles also need to be improved.

Since completion of the audit we have held a joint Post Project Learning exercise with your Finance officers. We have identified areas where we can both learn from this year, and make improvements for the future. We have set up regular meetings to take these issues forward and to start preparations for the challenges that will be brought about by future requirements to bring forward the accounts preparation and audit.

### **I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report. We will also shortly be issuing a report on the Council's financial resilience which will consider whether the Council's financial savings planning arrangements support financial resilience.

### **I issued a certificate confirming that the audit of the Financial Statements has been completed on 29 September 2016**

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2016-17 financial statements or key financial systems.

A more detailed report on my grant certification work will follow early in 2017 once this year's programme of certification work is complete.

The financial audit fee for 2015-16 is currently expected to be in line with the fee set out in the Annual Audit Plan.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Herniman', with a long horizontal flourish extending to the right.

**John Herniman**

**For and on behalf of the Auditor General for Wales**

cc. Phil Roberts, Chief Executive  
Mike Hawes, Head of Finance & Delivery

## City & County of Swansea Audit Committee Update – January 2017

---

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

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

Performance Audit work - City & County of Swansea

2015-16 Improvement Assessment	Scope	Status
<b>Annual Improvement Report (AIR)</b>	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'.	Presented to Council in November 2016
<b>Corporate Assessment Follow up</b>	Review of the Council's performance Management Arrangements: is the authority's approach to performance management enabling effective decision making and supporting service improvement?	Completed
<b>Audit Committee facilitated self-assessment</b>	Wales Audit Office facilitated Audit Committee self assessment.	Planned for February 2017 Audit Committee.
2015-16 Local Government Studies	Scope	Status
<b>The strategic approach of councils to income generation and charging for services</b>	Audit of councils' strategic approach to charging.	Published November 2016 <a href="#">Income Generation and Charging</a>
<b>Council funding of third-sector services</b>	Audit of the level of investment in voluntary sector services to benchmark findings against 2009-10 to determine whether the principles of good governance in funding third sector services are being followed.	Publication expected early 2017
<b>The effectiveness of local community safety partnerships</b>	Audit of the effectiveness of community safety partnerships and the impact of the work of partnerships in delivering improvement within their communities.	Publication 16 <sup>th</sup> October 2016. <a href="#">Community-Safety-2016-English.pdf</a>



2016-17 Improvement Assessment	Scope	Status
<b>Corporate Improvement Plan Audit</b>	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to set improvement objectives.	Completed. Certificate issued June 2016.
<b>Improvement Plan Audit</b>	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.	Completed Certificate issued November 2016
<b>Financial Resilience</b>	Councils are continuing to deal with austerity and an uncertain future. This review will seek to provide assurance that arrangements are focussed on maintaining resilience over the medium to long term.	Draft Report issued December 2016
<b>Governance</b>	This review will provide councils with a baseline from which to plan improvements to governance following the introduction of CIPFA's revised framework and the requirement for councils to adopt the sustainable development principle from April 2016	Fieldwork Completed December 2016
<b>Transformation</b>	This baseline review will examine how councils are approaching transformation.	Consultation paper under development.
<b>Local study</b>	To be confirmed	To be confirmed
<b>Annual Improvement Report (AIR)</b>	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'	Scheduled for August 2017

2016-17 Local Government Studies	Scope	Status
<b>Improving wellbeing through housing adaptations</b>	We will review how adaptations prevent access to and speed up discharge from hospitals. The work will look at how health use adaptations to underpin their activity as well as how efficient and effective organisations are at procuring and delivering adaptations work.	The review has begun  Swansea has not been selected to take part in the detailed fieldwork of this study.
<b>Strategic commissioning of learning disability services by local authorities</b>	Fieldwork will focus on both the corporate approach to strategic commissioning but also use findings from the tracer area to understand how effective operational arrangements are. We are working with CSSIW and SSIA and will be building on recent national inspection and support work on learning disabilities.	The review has begun.  Swansea has not been selected to take part in the detailed fieldwork of this study.
<b>How local government manages demand - Homelessness services</b>	The study will focus on homelessness in local authorities using the recent prevention duties placed on local authorities to judge how demand for services is managed.	The surveys have been consulted on and finalised. On site fieldwork is mostly set up and will be running from now until the new calendar year.  Swansea has been selected to take part in the detailed fieldwork which will be carried out between February and March 2017.

National Studies	Update and link to report
A Picture of Public Services 2015	Published <a href="#">A Picture of Public Services 2015</a>
The Welsh Government’s Acquisition and Ownership of Cardiff Airport	Published <a href="#">The Welsh Government’s acquisition and ownership of Cardiff Airport</a>
The Development of Natural Resources Wales	Published <a href="#">The development of Natural Resources Wales</a>
Coastal Flood and Erosion Risk Management	Published <a href="#">Coastal Flood and Erosion Risk Management in Wales</a>
Welsh Government Investment in Rail Services and Infrastructure	Published <a href="#">Welsh Government investment in rail services and infrastructure</a>
Welsh Government oversight of further education finances and delivery	Fieldwork
Public Procurement	Fieldwork
Regional Educational Consortia	Published English <a href="https://www.estyn.gov.wales/sites/default/files/documents/ERW%20Eng.pdf">https://www.estyn.gov.wales/sites/default/files/documents/ERW%20Eng.pdf</a> Welsh <a href="https://www.estyn.llyw.cymru/sites/default/files/documents/ERW%20Cy_0.pdf">https://www.estyn.llyw.cymru/sites/default/files/documents/ERW%20Cy_0.pdf</a>

# Agenda Item 7

## Report of the Chief Auditor

Audit Committee – 3 January 2017

### INTERNAL AUDIT ANNUAL PLAN 2016/17 MONITORING REPORT FOR THE PERIOD 1 JULY 2016 TO 30 SEPTEMBER 2016

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 July 2016 to 30 September 2016.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2016/17
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Sandie Richards
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2016/17 was approved by the Audit Committee on 19 April 2016 and quarterly monitoring reports will be presented throughout the year to allow Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits which were finalised in the period 1 July 2016 to 30 September 2016.

## 2. Audits Finalised 1 June 2016 to 30 September 2016

- 2.1 A vacant post for 0.5 of an Auditor was filled from the Redeployment Pool with effect from 8 August 2016. This means that all posts within the Section are now filled.
- 2.2 The Internal Audit Section has continued to experience unusually high levels of sickness in the 2<sup>nd</sup> Quarter of 2016/17 with a total of 68 days. The total number of sick days taken in the first half of 2016/17 is 136 days against an annual budget of 80 days. Most of the sick in Quarter 2 is due to a member of staff with a serious knee problem which severely restricts mobility.
- 2.3 A total of 25 audits were finalised during Quarter 2. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.
- 2.4 An analysis of the audits finalised during the 2<sup>nd</sup> Quarter is shown in the following table. It is pleasing to note the large number of audits that received a high level of assurance and equally that no audits received a moderate or limited level of assurance

<b>Assurance Level</b>	High	Substantial	Moderate	Limited
Number	12	13	0	0

- 2.5 A total of 139 audit recommendations were made and management agreed to implement 134 recommendations i.e. 96.4% against a target of 95%. The recommendations which were not agreed were either low risk or good practice or it was shown by management that compensating controls were in place.
- 2.6 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during Quarter 2 is shown in the following table

<b>High Risk</b>	<b>Medium Risk</b>	<b>Low Risk</b>	<b>Good Practice</b>	<b>Total</b>
2	17	92	23	134

- 2.7 The Audit Plan is a 'living' document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit Committee can monitor progress against the Plan approved at the start of the year. To achieve this, Appendix 2 shows each audit included in the Plan approved by Committee in April and identifies the position of each audit as at 30 September 2016.

- 2.8 An analysis of the details in Appendix 2 shows that by the end of September 2016, approximately 58% of the Audit Plan was either completed or in progress which is excellent progress, particularly in view of the levels of sick mentioned above. It is expected that by the end of the year, the Performance Indicator for the percentage of the Audit Plan completed will be significantly higher than the result for 2015/16.
- 2.9 As reported previously, the way primary schools audits are undertaken has been changed to use a self-assessment questionnaire and a much shorter audit visit. It is hoped that using this basis for primary school audits will have benefits both for the Internal Audit Section by reducing the amount of time for each audit and also for schools by reducing the Service Level Agreement recharge for audits and causing less disruption at school during the audit visit.
- 2.10 The self-assessment questionnaire was completed during Quarter 1 and the opportunity was also taken to review the scope of primary school audits to ensure that it remained relevant and fit for purpose.
- 2.11 A self-assessment questionnaire was sent to 28 primary schools due for audit in 2016/17 during Quarter 1 and by the end of the September, 12 completed questionnaires had been returned. A reminder was sent to all schools that had not responded in October 2016 and to date a further 5 questionnaires have been returned. Work is ongoing to chase the return of the outstanding questionnaires.
- 2.12 The returned questionnaires have been analysed and a short visit of hopefully not more than one day will be arranged to each school during Quarter 3 and 4 to confirm that controls are in place. A draft report will then be sent to the Headteacher before being finalised and reported to the School's Governing Body.
- 2.13 The Internal Audit Section was also involved in the following work during Quarter 2 which was not included in the Audit Plan for 2016/17
- Continued sample testing of Equal Pay calculations prior to offers being made to staff
  - Continued sample testing of Back Pay calculations prior to payments being made to staff.
  - A review of the increased cost of the scheme to demolish Oceana was completed at the request of the Corporate Director (Resources)
  - Continued involvement in the agreement of the settlement figures following the end of a highways surface recycling partnership.
  - Involvement in the production of a Procurement Guide for schools in conjunction with colleagues in Commercial Services.

### **3. Follow Ups Completed 1 July 2016 to 30 September 2016**

- 3.1 The follow up procedures operated by the Internal Audit Section include visits to any non-fundamental audits which received a moderate or limited level of assurance to confirm and test that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any high or medium risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Chief Finance and Deputy Section 151 Officer.
- 3.3 During the 2<sup>nd</sup> Quarter, follow up visits was made to the following services to confirm that the agreed recommendations had been implemented
- Outdoor Leisure Spot Checks
  - Portmead Primary School
- 3.4 The follow up visit on the Outdoor Leisure Spot Checks audit showed that of the 7 recommendations made, 3 had been implemented, 3 had been partly implemented and 1 had not been implemented
- 3.5 The results of the follow up visit made to Portmead Primary School showed that 16 of the 25 recommendations made had been implemented while 3 had been partly implemented and 6 had not been implemented.
- 3.6 A second follow up visit for later in the year has been scheduled to both services highlighted above to confirm that the outstanding recommendations have been implemented.

### **4 Equality and Engagement Implications**

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

### **5. Financial Implications**

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

### **6. Legal Implications**

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

**Background Papers:** Internal Audit Plan 2016/17

**Appendices:** Appendix 1 Internal Audit – Monitoring Report Quarter 2 2016/17  
Appendix 2 Internal Audit Plan 2016/17 – Progress to 30/09/16



## INTERNAL AUDIT - MONITORING REPORT QUARTER 2 2016/17

Head of Service	Audit	Date	Assurance Level	Recommendations			
				Finalised	Made	Agreed	Not Agreed
Finance & Delivery	Housing and Council Tax Benefit	14/07/2016	High		3	3	0
Finance & Delivery	Accounts Payable	25/07/2016	High		5	5	0
Corporate Building & Property Services	Quadrant Rents	25/07/2016	High		0	0	0
Poverty & Prevention	Residential and Outdoor Centres	28/07/2016	High		4	4	0
Finance & Delivery	Insurance	02/08/2016	High		3	3	0
Legal & Democratic Services	Coroner's Service	16/08/2016	High		3	3	0
Corporate Building & Property Services	Estates Management and Rentals	16/08/2016	High		1	1	0
Housing & Public Protection	Taxi Licensing	19/08/2016	High		0	0	0
Finance & Delivery	Pension Fund Other	05/09/2016	High		0	0	0
Legal & Democratic Services	Councillors Expenses and Allowances	13/09/2016	High		2	2	0
Finance & Delivery	Trusts and Charities	13/09/2016	High		7	4	3
Housing & Public Protection	Town Centre District Housing Office	27/09/2016	High		5	5	0
Cultural Services	Foreshore and Lettings	06/07/2016	Substantial		3	3	0
Waste Management & Parks	Waste Disposal	18/07/2016	Substantial		6	6	0
Cultural Services	Swansea Museum	25/07/2016	Substantial		8	8	0
Waste Management & Parks	Trade Refuse	25/07/2016	Substantial		6	6	0
Education Planning & Resources	YGG Pontybrenin	26/07/2016	Substantial		11	11	0
Housing & Public Protection	Housing Options	28/07/2016	Substantial		14	14	0
Human Resources & Organisational Development	HR Policies	01/08/2016	Substantial		12	11	1
Education Learner Support Service	Access to Learning Management and Admin (incl Psychology Service, Recoupment & SEN)	09/08/2016	Substantial		13	13	0
Highways & Transportation	Highways Trading Account	12/08/2016	Substantial		7	7	0
Planning & City Regeneration	Rights of Way	30/08/2016	Substantial		5	4	1
Information & Business Change	Procurement of Telephones	06/09/2016	Substantial		5	5	0
Cultural Services	Sports Development	07/09/2016	Substantial		8	8	0
Education Planning & Resources	Penyrheol Primary School	22/09/2016	Substantial		8	8	0
<b>Total</b>					<b>139</b>	<b>134</b>	<b>5</b>

## Internal Audit Annual Plan 2016/17 - Progress to 30/09/16

Head of Service	Risk Rating	Progress
<b>Head of Education Planning &amp; Resources</b>		
Birchgrove Primary School	Medium	In Progress
Bishopston Primary School	Medium	In Progress
Brynmill Primary School	Medium	In Progress
Casllwchwr Primary School	Medium	In Progress
Clase Primary School	Medium	In Progress
Clwyd Primary School	Medium	In Progress
Clydach Primary School	Medium	In Progress
Craigcefnparc Primary School	Medium	In Progress
Gendros Primary School	Medium	In Progress
Glais Primary School	Medium	In Progress
Glyncollen Primary School	Medium	In Progress
Hafod Primary School	Medium	In Progress
Llangyfelach Primary School	Medium	In Progress
Morrison Primary School	Medium	In Progress
Pengelli Primary School	Medium	In Progress
Pentrechwyth Primary School	Medium	In Progress
Plasmarl Primary School	Medium	In Progress
Pontybrenin Primary School	Medium	Final Issued
St Thomas Community Primary School	Medium	In Progress
Wanarlwydd Primary School	Medium	In Progress
YGG Felindre	Medium	In Progress
YGG Gellionen	Medium	In Progress
St David's RC Primary School	Medium	In Progress
St Illtyd's RC Primary School	Medium	In Progress
St Joseph's Cathedral Primary School	Medium	In Progress
St Joseph's Catholic Primary School	Medium	In Progress
Bishopston Comprehensive School	Medium	Planned
Morrison Comprehensive School	Medium	In Progress
Olchfa Comprehensive School	Medium	In Progress
Pentrehafod Comprehensive School	Medium	Planned
Ysgol Gyfun Gwyr	Medium	Final Issued
Ysgol Crug Glas	Medium	In Progress
Ysgol Penybryn	Medium	In Progress
School Funding & Information	Medium/High	Planned
Capital Planning & Delivery Unit	Medium/High	Planned
<b>Head of Education Improvement</b>		
Welsh Centre	Medium/Low	Final Issued
Education Library Resource Service	Medium/Low	In Progress

## Internal Audit Annual Plan 2016/17 - Progrsss to 30/09/16

Head of Service	Risk Rating	Progress
<b>Head of Education Learner Support Service</b>		
Access to Learning - Management & Admin	Medium	Final Issued
Psychology Service	Medium	Final Issued
Recoupment	Medium	Final Issued
SEN Statementing & Support	Medium	Final Issued
Arfryn Education Centre	Medium	Planned
Key Stage 4 Education Centre	Medium	Planned
Stepahead Education Centre	Medium	Planned
LAC Co-ordinator	New	Planned
School Kitchens	Medium	In Progress
<b>Education - Other</b>		
School Uniform Grant	N/A	Final Issued
Education Improvement Grant	N/A	In Progress
Pupil Deprivation Grant	N/A	In Progress
Schools Annual Report	N/A	In Progress
<b>Head of Child and Family Services</b>		
Youth Offending Service	Medium/High	In Progress
Emergency Duty Team	Low	Draft Issued
Community Childcare	Medium/Low	Draft Issued
Leaving Care Act	Medium	Planned
Discretionary Payments (incl. S17)	Medium/High	In Progress
<b>Head of Adult Services</b>		
Supporting People Grant	N/A	In Progress
Cyrenians - Lessons Learned	New	Planned
Deprivation of Liberty Safeguards	New	Planned
Emergency Placements	New	Planned
Live Kilometre Support Grant	N/A	Final Issued
<b>Directorate Services</b>		
Business Support Team - Child & Family	New	Planned
<b>Head of Poverty &amp; Prevention</b>		
Partnerships, Performance & Commissioning	New	In Progress
Residential & Outdoor Centres	Medium	Final Issued
Community Safety & CCTV	Medium	Final Issued
Early Intervention Services	New	Planned
Child Poverty Projects	New	Planned
<b>Head of Corporate Building &amp; Property Services</b>		
Heol y Gors - Stores	Medium	In Progress
Heol y Gors - Estimating	Medium	Planned
Heol y Gors - Plant	Medium	Planned
Day to Day Repairs - Maintenance Section	Medium/High	In Progress
Quadrant Rents	Medium	Final Issued
Estates Management	Medium	Final Issued
Emergency Planning & Civil Contingencies	Medium	Planned

## Internal Audit Annual Plan 2016/17 - Progress to 30/09/16

Head of Service	Risk Rating	Progress
<b>Head of Waste Management</b>		
Waste Management	Medium	Final Issued
Waste Enforcement	New	Planned
Trade Refuse	Medium	Final Issued
Street Cleaning	Medium	Final Issued
<b>Head of Highways &amp; Transportation</b>		
Concessionary Bus Fares	N/A	In Progress
Civil Parking Enforcement	Medium	Draft Issued
Taxi Framework Contract	Medium	Planned
Advance Payments Code	Medium	Planned
Clydach Depot - Stores	Medium	In Progress
Central Transport Unit - Fleet Maintenance	Medium/High	In Progress
Central Transport Unit - Stores	Medium	In Progress
Highways Trading Account	New	Final Issued
<b>Head of Housing &amp; Public Protection</b>		
Housing Options	Medium	Final Issued
Town Centre District Housing Office	Medium	Final Issued
Rent & Arrears Team	Medium	In Progress
Renewal Areas	Medium	Planned
National Home Improvement Loan Scheme	New	In Progress
Taxi Licensing	New	Final Issued
Housing Division (Pests & Strays)	Medium/Low	Draft Issued
<b>Head of Cultural Services</b>		
Foreshore & Lettings	Medium	Final Issued
Spot Checks	N/A	Planned
Sports Development	Medium	Final Issued
Gymnastics Development	Medium	Delete
Branch Libraries	Medium/Low	In Progress
Records Management	New	Planned
<b>Head of Planning &amp; City Regeneration</b>		
Planning Services - Administration & Fees	Medium	In Progress
Section 106 Agreements	High	In Progress
Planning & Enforcement	New	Planned
Planning - AONB	New	Planned
<b>Head of Communications &amp; Consultation</b>		
Corporate Marketing	Low	In Progress
DesignPrint	Medium	Final Issued
E-Commerce Controls	Medium	Planned
Web Development	New	Planned
Corporate Complaints	Medium/Low	In Progress
Contact Centre	Medium	In Progress

## Internal Audit Annual Plan 2016/17 - Progress to 30/09/16

Head of Service	Risk Rating	Progress
<b>Head of Legal &amp; Democratic Services</b>		
Electoral Services	Medium	Draft Issued
Councillors Expenses & Allowances	Medium	Final Issued
Election Expenses	N/A	Planned
Councillors Code of Conduct	New	In Progress
<b>Head of Human Resources</b>		
Employee Vetting	High	In Progress
Employment of Agency Staff	New	Draft Issued
<b>Head of Information &amp; Business Change</b>		
Project Management Methodology	New	Planned
Strategic Projects - Administration	Medium	Planned
<b>Head of Finance &amp; Delivery</b>		
Cashiers Office	Medium/High	In Progress
Write-off Requests by Departments	N/A	In Progress
Cashiers Write Offs	N/A	Planned
Pension Fund Other	New	Final Issued
Trusts & Charities	New	Final Issued
Risk Management	High	Planned
Budget Strategy & Setting Process	New	Planned
Direct Payments - Adult & Family Services	Medium	In Progress
Social Services Debt Recovery	High	Planned
Learning Disability Recharges	New	Planned
Adult Family Placements	New	Planned
<b>Head of Commercial Services</b>		
P Cards	Medium	Planned
<b>Fundamental Systems</b>		
Payroll	High	Planned
Pensions Administration	High	In Progress
Teachers Pensions	Medium	Planned
Accounts Receivable	High	Planned
Business Rates	Medium	Planned
Treasury Management - Borrowing & Investments	Medium	Planned
Accounts Payable	Medium	Planned
Housing & Council Tax Benefit	Medium	Final Issued
Cash	Medium	Planned
Council Tax	Medium	Planned
Main Accounting	Medium	Planned

## Internal Audit Annual Plan 2016/17 - Progress to 30/09/16

Head of Service	Risk Rating	Progress
<b>Contract Audits - Systems</b>		
<b>Legal</b>		
Liquidations	Medium/High	Planned
<b>Housing &amp; Public Protection</b>		
Contracts - Renewal Areas	Medium	Planned
<b>Highways &amp; Transportation</b>		
Business Case, Tendering & Evaluation	Medium	Planned
Control of Contracts	Medium	Planned
<b>Corporate Building Services</b>		
Tendering	Medium	Planned
Housing Systems Overview	Medium	Planned
<b>Adult Services</b>		
Tendering, Letting & Monitoring of Contracts	New	Planned
<b>Finance/Legal</b>		
Insurance Cover & Performance Bonds	New	Planned
<b>Computer Audits</b>		
Corporate Network Controls	Medium	Planned
Education Network Controls	Medium	Planned
Social Services Clients - Internet Controls	Medium	Planned
Payment Card Industry - Data Security Standard	Medium	Planned
Computer Operations	Medium/High	Planned
Disaster Recovery	Medium/High	In Progress
Flare System - Application Controls	Medium	Planned
Fostercare System - Application Controls	Medium	Planned
Change Control	Medium	Planned
Change Control - ISiS	High	Planned
Procurement of ICT	New	Planned
Procurement of Telephones	Medium/High	Final Issued
<b>Cross Cutting Audits</b>		
Corporate Governance Review	New	Planned
Review of Corporate Risks	New	In Progress
Added Value Work	New	Planned
Delegated Decision Making	New	Planned
Ethics & Values	New	Planned
<b>Projects and Special Investigations</b>		
P Card Review of Purchases	N/A	In Progress
Data Matching Exercise - NFI 2016	N/A	In Progress

# Agenda Item 8

## Report of the Chief Auditor

Audit Committee – 3 January 2017

### FUNDAMENTAL AUDITS 2015/16 – RECOMMENDATIONS TRACKER

<b>Purpose:</b>	This report provides a summary of the recommendations made following the fundamental audits 2015/16 and identifies whether the agreed recommendations have been implemented
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow the Audit Committee to fulfil its role in monitoring the implementation of audit recommendations
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the progress made in implementing the recommendations made following the fundamental audits 2015/16
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Sandie Richards
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Introduction

- 1.1 The Internal Audit Section has defined follow up procedures which are designed to provide assurance that agreed recommendations have been implemented by management within the agreed timescales. For fundamental audits, a Recommendations Tracker exercise is completed each year where the auditor will review the actions taken to implement the agreed recommendations.
- 1.2 The fundamental audits are the systems which are so significant to the achievement of the Council's objectives that they are audited either annually or every 2 years.

- 1.3 The Recommendations Tracker identifies the actions agreed by management at the end of each fundamental audit and tracks whether they have been implemented by the agreed date.
- 1.4 This report summarises the position as at 30 November 2016 on the implementation of the recommendations made following the 2015/16 fundamental audits.

## 2. Recommendations Tracker 2015/16

2.1 The following systems are considered to be fundamental and until 31 March 2014 were subject to an annual audit.

- Main Accounting System (2)
- Fixed Assets (2)
- Housing and Council Tax Benefit (2)
- Council Tax (2)
- NNDR (1)
- Cash (2)
- Accounts Payable (1)
- Accounts Receivable (1)
- External Investments and Borrowing (2)
- Pension Fund Investments (2)
- Payroll (1)
- Pensions Administration (1)
- Teachers Pensions (1)
- Housing Rents (2)

2.2 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. The number of years between each audit is shown in brackets above and is subject to an annual review as part of the audit planning process.

2.3 Appendix 1 shows, for each fundamental audit, the number of recommendations made following the 2015/16 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.

2.4 The latest position on the 46 recommendations made is summarised in the following table

<b>Recommendations</b>	<b>Number</b>	<b>%</b>
Implemented	37	80.4
Partly Implemented	1	2.2
Not Implemented	5	10.9
Not Yet Due	3	6.5
<b>Total</b>	<b>46</b>	<b>100.0</b>



2.5 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 30 November 2016 is 86.1%.

2.6 An analysis of the 6 recommendations, which have been partly or not implemented over the classification of audit recommendations used by the Internal Audit Section, is attached in Appendix 2. The Appendix shows that 1 recommendation which has not been implemented is classed as medium risk but all others were either low risk or good practice recommendations.

2.7 The recommendations which have been partly or not implemented are shown in Appendix 3.

### **3. Conclusion**

3.1 The number of recommendations arising from the fundamental audits continues to decrease year on year. There were 46 recommendations made following the 2015/16 fundamental audits which is down by 6 on the previous year.

3.2 Overall the results of the Recommendations Tracker exercise to the end of November 2016 are positive with 37 (86%) of agreed recommendations due for implementation already implemented.

3.3 A small number of recommendations still require work to implement or are due for implementation prior to the end of the financial year. Progress on the implementation of these recommendations will be reviewed during the fundamental audits for 2016/17

### **4. Equality and Engagement Implications**

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

### **5. Financial Implications**

5.1 There are no financial implications associated with this report.

### **6. Legal Implications**

6.1 There are no legal implications associated with this report.

**Background Papers:** Fundamental Audit Reports 2015/16

**Appendices:** Appendix 1 – Implementation of Recommendations  
Appendix 2 – Classification of Recommendations  
Appendix 3 – Not or Partly Implemented Recommendations

**Fundamental Audits 2015/16  
Implementation of Recommendations**

Audit	Implemented	Recommendations			Total No. of Recs.
		Partly Implemented	Not Implemented	Not Yet Due	
Fixed Assets	2				2
Main Accounting - no audit					0
Housing & Council Tax Benefit	4				4
Cash - no audit					0
NNDR	3				3
Council Tax - no audit					0
Accounts Receivable	4			1	5
Accounts Payable	4		2		6
Treasury Management - no audit					0
Pension Fund Investments - no audit					0
Payroll	5		3	2	10
Pensions Admin	5	1			6
Teachers Pensions	1				1
Housing Rents	9				9
<b>Total</b>	<b>37</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>46</b>

**Fundamental Audits 2015/16**  
**Classification of Recommendations**

Audit	Partly Implemented				Not Implemented			
	HR	MR	LR	GP	HR	MR	LR	GP
Fixed Assets								
Main Accounting								
Housing & Council Tax Benefit								
Cash								
NNDR								
Council Tax								
Accounts Receivable								
Accounts Payable							1	1
Treasury Management								
Pension Fund Investments								
Payroll						1	2	
Pensions Admin				1				
Teachers Pensions								
Housing Rents								
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>1</b>
Key HR - High Risk MR - Medium Risk LR - Low Risk GP - Good Practice								

**Fundamental Audits 2015/16 - Recommendations Tracker**  
**Not or Partly Implemented Recommendations**

Report Ref	Recommendation	Class	Agreed Action/Comments	Responsibility For Implementation	Implementation Date	Action Taken
<b>Accounts Payable 2015/16</b>						
2.1.6  Page 34	The creation or amendment of suppliers on the system by the 2 Senior Financial Transactions Officers should be subject to review	LR	Agreed. Remove AP Manager responsibility from both Senior financial transactions Officers. A new responsibility will be created specifically for them. In the meantime, as an interim workaround they will flag up any suppliers they create which will be reviewed by a different member of staff.	Deputy Manager, Financial Transactions Team	Interim workaround has been implemented.  Sept 16 for development of the new responsibility	<b>Not implemented</b> - as one of the Officers is seconded to AP Team Leader position and requires the AP Manager responsibility.  New implementation date for the other Officer to have new responsibility is February 2017
2.13.1	An exercise to check the validity of Authorised Signatories held by AP should be carried out	GP	Agreed	Deputy Manager, Financial Transactions Team	Oct 16 to send forms to HPS  Dec 16 to process HOS updates	<b>Not implemented</b> - new date to send forms to HOS is February 2017

**Fundamental Audits 2015/16 - Recommendations Tracker  
Not or Partly Implemented Recommendations**

Report Ref	Recommendation	Class	Agreed Action/Comments	Responsibility For Implementation	Implementation Date	Action Taken
<b>Payroll 2015/16</b>						
2.9	<b>Exception Reports and Audit Trails</b>					
2.9.2	Checklists produced after each payroll run should be signed as evidence of all checks being completed and all processes being actioned. <i>Previous Audit Recommendation</i>	LR	Accepted	Employee Services Manager & Team Leads	30/06/16	<b>Not implemented</b> - the Section is currently testing a Payroll Dashboard which will provide an electronic solution and contribute to removing the need to signatures on paper. Implementation expected in the final quarter of 2016/17
2.9.3	All Payroll Interface reconciliations should be balanced and signed by the control team in a timely manner	LR	Accepted - all costings should be balanced on a monthly basis	Employee Services Manager & Team Leads	30/06/16	<b>Not implemented</b> - changes to team structure due in January 2017 and this will form part of the new checking / monitoring processes within the payroll area again on an electronic rather than a paper basis.

**Fundamental Audits 2015/16 - Recommendations Tracker  
Not or Partly Implemented Recommendations**

Report Ref	Recommendation	Class	Agreed Action/Comments	Responsibility For Implementation	Implementation Date	Action Taken
<b>Payroll 2015/16 (cont.)</b>						
2.10	<b>Employee Access</b>					
2.10.4	The Monthly Control Check sheet should be signed and dated to confirm the review of staff pays has been completed	MR	Accepted - sheet should be signed and dated to confirm completion of pay run	Employee Services Manager & Team Leads	30/06/16	<b>Not implemented</b> - the Section is currently testing a Payroll Dashboard which will provide an electronic solution and contribute to removing the need to signatures on paper. Implementation expected in the final quarter of 2016/17
Page 36						
<b>Pensions Administration 2015/16</b>						
2.12	<b><u>Other Issues</u></b>					
2.12.1	Consideration should be given to ceasing the manual calculation checks as the task management module of the system provides an audit trail, which records when a calculation is created and completed	GP	Process to be devised to ensure smooth transition from manual to electronic checks	Pensions Manager / Communications Officer	September 2016	<b>Partly implemented</b> - the process of manual checks is being phased out during 2016/17

# Agenda Item 9

## Report of the Chief Auditor

Audit Committee – 3 January 2017

### AUDIT COMMITTEE – ACTION TRACKER

<b>Purpose:</b>	This report details the actions recorded by the Audit Committee and response to the actions.
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Sandie Richards
<b>Access to Services Officer:</b>	Sherill Hopkins

#### FOR INFORMATION

#### 1. Introduction

- 1.1 During the course of Audit Committee meetings various actions may be decided which are recorded on the minutes of the meetings.
- 1.2 Until now, the Committee has had no transparency over the outcomes of the actions minuted by the Committee.
- 1.3 Therefore, an Action Tracker has been created which records the decisions taken by the Audit Committee and provides an outcome for each action.
- 1.4 The Action Tracker for the 2015/16 and 2016/17 municipal years are attached in Appendix 1 and 2.
- 1.5 The Action Tracker will be regularly updated and any completed actions will be marked 'CLOSED' and coloured in grey.
- 1.6 The Action Tracker will be reported to each Audit Committee meeting for information.

#### 2. Equality and Engagement Implications

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

#### 3. Financial Implications

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

#### **4. Legal Implications**

4.1 There are no legal implications associated with this report

**Background Papers:** None

**Appendix 1** – Action Tracker 2016/17

**Appendix 2** – Action Tracker 2015/16



<b>AUDIT COMMITTEE ACTION TRACKER 2016/17</b>	
<b>Action</b>	<b>Outcome</b>
<b>25/10/16 Min 39 – Annual Report of School Audits 2015/16</b>	
The Head of Commercial Services be invited to the next scheduled meeting to discuss the Service Level Agreement	The Head of Commercial Services attended the meeting on 13/12/16 - CLOSED
<b>25/10/16 Min 39 – Annual Report of School Audits 2015/16</b>	
The Chief Education Officer be invited to the next scheduled meeting to discuss the influence the centre can exercise over compliance with procedures by schools	The Chief Education Officer is unable to attend the meetings on 13/12/16 and 03/01/17 but has been asked to come to the meeting on 14/02/17.
<b>25/10/16 Min 41 – Chair / Wales Audit Office Liaison Meeting</b>	
Confirmation be provided regarding Member access to the Section 106 database	
<b>30/08/16 Min 25 – Internal Audit Monitoring Report Quarter 1 2016/17</b>	
Self-assessment forms for schools be added to school governing body meeting agendas	Self-assessment questionnaire to be added to agenda of governing body clerks forum meeting to be held in January 2017. A reminder will also be circulated to all schools - CLOSED
<b>30/08/16 Min 26 – Corporate Fraud Team Plan 2016/17</b>	
An update be provided to the Committee in 6 months	Update included on agenda for Committee meeting on 28/03/17
<b>21/07/16 Min 18 – Internal Audit Monitoring Report Quarter 4 2015/16</b>	
In future, any delays in receiving a response from a service to a draft internal audit report be reported to the Committee.	Any delay in receiving a response to a draft internal audit report will be included in the quarterly Internal Audit Monitoring Report - CLOSED
<b>21/07/16 Min 18 – Internal Audit Monitoring Report Quarter 4 2015/16</b>	
The Chief Auditor contacts the Head of Human Resources and Organisational Development in order to discuss the procedure regarding de-activating flexi-cards when an employee ends employment with the Authority	When an employee leaves, the line manager is required to complete an exit interview checklist. One of the items on the checklist is to re-cover the employee's flexi card and return it to HR for cancellation - CLOSED
<b>21/07/16 Min 18 – Internal Audit Monitoring Report Quarter 4 2015/16</b>	
The Chair writes to the Head of Service where an audit has received a moderate level of assurance for a second audit to express the Committee's concern that there has been no improvement in the controls in operation.	Letters sent 05/08/16 and copies reported to Audit Committee on 30/08/16 for information - CLOSED

<b>Action</b>	<b>Outcome</b>
<b>28/06/16 Min 8 – Corporate Governance Review Report</b>	
The recommendations contained within the report be regularly monitored and where appropriate feedback be provided by the Deputy Head of Legal and Democratic Services	The recommendations included in the Corporate Governance report as well as those arising from the WAO's Corporate Assessment and the Peer Review are being monitored on a regular basis by the Corporate Management Team. Work is progressing to implement the recommendations and will continue to be monitored by the Interim Head of Legal and Democratic Services
<b>28/06/16 Min 9 - Certification of Grants and Returns 2013/14 and 2014/15</b>	
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	E-mail sent to all Heads of Service by Chief Finance and Deputy Section 151 Officer on 30/06/16. The e-mail; highlighted the relevant issues and the external auditor's grants report was attached - CLOSED
<b>28/06/16 Min 9 - Certification of Grants and Returns 2013/14 and 2014/15</b>	
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.	The Chair wrote to Chief Education Officer on 05/08/16 asking for the issues to be brought to the attention of schools and an e-mail was sent to all schools on 09/11/16 - CLOSED
<b>28/06/16 Min 11 – YGG Lon Las Draft Response to Cabinet</b>	
Additional comments be forwarded to the Chair/Chief Auditor	No further comments were received - CLOSED
<b>28/06/16 Min 11 – YGG Lon Las Draft Response to Cabinet</b>	
The updated report be forwarded to Cabinet	Report is on the agenda for the Cabinet meeting on 19/01/17
<b>28/06/16 Min 12 – Final Audit Committee Annual Report 2015/16</b>	
The Audit Committee Annual Report 2015/16 be approved and be presented to Council in July/August 2016	Report was presented to Council on 22/09/16 - CLOSED
<b>14/06/16 Min 5 – Audit Committee Training</b>	
The training presentations regarding risk management and counter fraud be deferred to a future Audit Committee meeting	Training presentations delivered at meeting on 13 December 2016 - CLOSED

<b>AUDIT COMMITTEE ACTION TRACKER 2015/16</b>	
<b>Action</b>	<b>Outcome</b>
<b>19/04/16 Min 79 – Internal Audit Charter 2016/17</b>	
The Chief Auditor investigates the success of Housing Benefit prosecutions since the service was transferred to the DWP	Response provided to Committee on 14/06/16 - CLOSED
<b>22/03/16 Min 72 – New Build for YGG Lon Las – Referral from Cabinet</b>	
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	Draft report presented to Committee on 28/06/16 - CLOSED
<b>16/02/16 Min 63 - Risk Management Update</b>	
The Chair and Head of Finance and Delivery draft a response to the Welsh Government regarding the late announcement of funding	Not pursued as the impact of the late announcement had been strongly made to the Welsh Government by the WLGA - CLOSED
<b>16/02/16 Min 63 - Risk Management Update</b>	
The Head of Legal and Democratic Services be requested to consider Councillor access to the risk register in the forthcoming Governance Review Report	Corporate Director (Resources) to prepare report on Councillor access to risk register for consideration by Corporate Management Team
<b>16/02/16 Min 64 – Recommendations Tracker Report 2014/15</b>	
An update report on the level of write offs be added to the Workplan	Update provided to Audit Committee on 25/10/16 - CLOSED
<b>16/02/16 Min 65 – Internal Audit Monitoring Report Quarter 3 2015/16</b>	
The impact of high sickness levels for Internal Audit compared to previous years be provided to the Committee	Included in Quarter 4 Monitoring Report to meeting on 21/07/06 - CLOSED
<b>16/02/16 Min 67 – Audit Committee Self-Assessment of Good Practice Questionnaire</b>	
The completed Questionnaire be used as the basis for the Audit Committee Annual Report 2015/16	Questionnaire was used for Annual Report 2015/16 presented to Committee on 28/06/16 - CLOSED
<b>16/02/16 Min 70 – YGG Lon Las Lessons Learned – Referral from Cabinet</b>	
Item be deferred to a Special Meeting of the Audit Committee	Report presented to Special Meeting held on 22 March 2016 - CLOSED
<b>15/12/15 Min 52 – Briefing Cabinet Advisory Committee</b>	
The Leader be invited to a future meeting in order to provide an update report	Update scheduled for Audit Committee meeting on 03/01/17.

<b>Action</b>	<b>Outcome</b>
<b>15/12/15 Min 53 – Chair Scrutiny Programme Committee</b>	
The Chair of the Scrutiny Programme Committee be invited to a future meeting in order to provide an update report	Included in Workplan for meeting on 14/02/17
<b>15/12/15 Min 56 – Risk Management Update</b>	
A more detailed report be presented to a future meeting	The Head of Finance and Delivery provided a more detailed report to the meeting on 16/02/16 - CLOSED
<b>15/12/15 Min 56 – Risk Management Update</b>	
The Chief Auditor circulates the link to access the risk procedure details on the Council website	See 16/02/16 Min 63 Risk Management Update below - CLOSED
<b>17/11/15 Min 47 – Housing Benefit Investigation Team Annual Report 2014/15</b>	
An interim report be provided in 6 months	Corporate Fraud Team Annual Report was presented to Audit Committee on 30/08/16 - CLOSED
<b>17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16</b>	
The Chair writes to the Chief Social Services Officer regarding the 4 moderate audit ratings in Adult Services	Letter sent 30/11/15 and Chair met Head of Adult Services on 16/12/15 - CLOSED
<b>17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16</b>	
The Chair writes to the Head of Transportation and Highways regarding the Streetworks audit which received a moderate level of assurance	Letter sent 30/11/15 and Chair met Head of transportation and highways on 22/12/15 - CLOSED
<b>17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16</b>	
The Chief Auditor circulates the details of the Section 106 Agreements follow up audit to the Committee	Details circulated 19/11/15 - CLOSED
<b>17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16</b>	
The Chief Auditor circulates the link to the Section 106 Agreements database to the Committee	Link circulated 22/12/15 - CLOSED
<b>20/10/15 Min 37 – Chair of Scrutiny Programme Committee</b>	
The Chair of the Scrutiny Programme Committee be invited to the Audit Committee meeting scheduled for 15 December 2015	The Chair of the Scrutiny Programme Committee attended the Audit Committee meeting on 15 December 2015 - CLOSED
<b>20/10/15 Min 38 – Corporate Governance Review – Update</b>	
Rod Alcott be invited to attend the Special Audit Committee on 17 November 2015 in order to present the draft report	Report presented to Committee on 28/06/16 - CLOSED
<b>20/10/15 Min 39 – Annual Report of School Audits 2014/15</b>	
A review be undertaken to ensure that school audit reports are placed upon school governor meeting agendas	The review was reported to the Audit Committee on 25/10/16 - CLOSED

<b>Action</b>	<b>Outcome</b>
<b>20/10/15 Min 40 – Audit Committee Annual Report 2014/15 Follow Up</b>	
The Chief Auditor circulates the Audit Committee Knowledge and Skills Framework questionnaire to the Committee.	Framework circulated 19/11/15 - CLOSED
<b>18/08/15 Min 17 - Presentation Corporate Fraud Team</b>	
The Corporate Fraud Team Manager provides a future update report to the Committee	Corporate Fraud Team Annual report was presented to Audit Committee on 30/08/16 - CLOSED
<b>18/08/15 Min 20 - WAO Audit of Financial Statements Progress Report</b>	
A Special Audit Committee be scheduled between 17 and 24 September 2015 in order to discuss the Final Audit Report	Special meeting held on 21/09/15 - CLOSED
<b>16/06/15 Min 9 - Internal Audit Monitoring Report Quarter 4 2014/15</b>	
An update report regarding Section 106 Agreements be provided at the next scheduled meeting	Head of Economic Regeneration and Planning provided a report on 18/08/15 – CLOSED

# Agenda Item 10

## Report of the Chief Auditor

Audit Committee – 3 January 2017

### AUDIT COMMITTEE – WORKPLAN

<b>Purpose:</b>	This report details the Audit Committee Workplan to May 2017.
<b>Report Author:</b>	Paul Beynon
<b>Finance Officer:</b>	Paul Beynon
<b>Legal Officer:</b>	Sandie Richards
<b>Access to Services Officer:</b>	Sherill Hopkins
<b>FOR INFORMATION</b>	

#### 1. Introduction

- 1.1 The Audit Committee's Workplan to May 2017 is attached in Appendix 1 for information

#### 2. Equality and Engagement Implications

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

#### 3. Financial Implications

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

#### 4. Legal Implications

- 4.1 There are no legal implications associated with this report

**Background Papers:** None

**Appendix 1 – Audit Committee Workplan 2016/17**

**AUDIT COMMITTEE WORKPLAN 2016/17**

<b>Date of Meeting</b>	<b>Reports</b>
3 January 2017	Cabinet Advisory Committees – Update Wales Audit Office Annual Audit Letter 2015/16 Wales Audit Office Update Report Internal Audit Monitoring Report Q2 2016/17 Recommendations Tracker Report 2015/16 Audit Committee Action Tracker Report
14 February 2017 – Special Meeting	Chair of Scrutiny Programme Committee Chief Education Officer Briefing Audit Committee Review of Performance 2016/17
14 March 2017	Wales Audit Office Grants Report 2015/16 Wales Audit Office Update Report Internal Audit Monitoring Report Q3 2016/17 Internal Audit Plan 2017/18 - Methodology Audit Committee Action Tracker Report
28 March 2017 – Special Meeting	Wales Audit Office Annual Plan 2017 Wales Audit Office Update Report Internal Audit Charter 2017/18 Internal Audit Annual Plan 2017/18 Corporate Fraud Team Update Draft Audit Committee Annual Report 2016/17 Audit Committee Action Tracker Report