

# CITY AND COUNTY OF SWANSEA

## NOTICE OF MEETING

You are invited to attend a Meeting of the

## AUDIT COMMITTEE

**At:** Committee Room 5, Guildhall, Swansea

**On:** Tuesday, 14 March 2017

**Time:** 2.00 pm

**Chair:** Mr Alan M Thomas

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### 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

## AGENDA

	Page No.
<b>1 Apologies for Absence.</b>	
<b>2 Disclosures of Personal and Prejudicial Interests.</b> <a href="http://www.swansea.gov.uk/disclosuresofinterests">www.swansea.gov.uk/disclosuresofinterests</a>	
<b>3 Minutes.</b> To approve & sign the Minutes of the previous meeting(s) as a correct record.	1 - 6
<b>4 Chief Education Officer Briefing. (Verbal)</b>	
<b>5 Wales Audit Office Update Report.</b>	7 - 10
<b>6 Internal Audit Monitoring Report Quarter 3 2016/17.</b>	11 - 22
<b>7 Internal Audit Plan 2017/18 - Methodology.</b>	23 - 30
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<b>9 Public Sector Internal Audit Standards - External Assessment.</b>	42 - 45
<b>10 Audit Committee Action Tracker Report. (For Information)</b>	46 - 53
<b>11 Audit Committee Work Plan. (For Information)</b>	54 - 57

**Next Meeting:** Tuesday, 28 March 2017 at 2.00 pm

*Huw Evans*

**Huw Evans**  
**Head of Democratic Services**  
**Tuesday, 7 March 2017**

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**Contact: Democratic Services: - 636923**

## CITY AND COUNTY OF SWANSEA

### MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON  
TUESDAY, 3 JANUARY 2017  
AT 2.00 PM

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

**Councillor(s)**

T J Hennegan  
P M Meara

**Councillor(s)**

P R Hood-Williams  
R V Smith

**Councillor(s)**

J W Jones  
T M White

**Also Present**

Councillor R C Stewart      Leader/Cabinet Member for Finance and Strategy

**Officer(s)**

Paul Beynon	Chief Auditor
Simon Cockings	Senior Auditor
Sandie Richards	Principal Lawyer
Jeremy Parkhouse	Democratic Services Officer
Kate Jones	Democratic Services Officer

**Also Present**

Geraint Norman	Wales Audit Office
Steve Barry	Wales Audit Office

**Apologies for Absence**

Councillor(s): R A Clay, L James and L V Walton

52 **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. 55 – Wales Audit Office – Annual Audit Letter 2015/16 – Member and Benefactor of Council Pension Scheme – personal.

Councillor R V Smith – Minute No. 57 – Internal Audit Monitoring Report – Quarter 2 2016/17 – School Governor at YGG Pontybrenin and YG Gwyr – personal.

53 **MINUTES.**

**RESOLVED** that the Minutes of Audit Committee held on 25 October 2016 and Special Audit Committee held on 13 December 2016 were approved as correct records.

Paul Beynon, Chief Auditor, provided an update on the requested Councillor access to the Section 106 Database and Risk Register.

54 **CABINET ADVISORY COMMITTEES - UPDATE. (VERBAL)**

Councillor R C Stewart, Leader, provided an update regarding Cabinet Advisory Committees and their purpose.

He outlined that the purpose of Cabinet Advisory Committees was to allow Members to have a greater contribution and input into policy making. He emphasised that it was a separate function to Scrutiny.

Discussions centred around the following: -

- Oceana project;
- Whether Cabinet Advisory Committees had led to an improvement in policy making;
- The need to ensure that there were not overlaps between Cabinet Advisory Committees and Scrutiny in order to avoid duplication of work and officer time.
- Cabinet Advisory Committees provided Members with significant Information;
- Duality System
- Membership and greater involvement of Cabinet Advisory Committees
- Terms of Reference and need / requests for any changes
- Work coming through from the Cabinet Advisory Committees

The Leader thanked Members for the work that had been undertaken by the Cabinet Advisory Committees.

The Chair thanked the Leader for providing an update to the Committee on Cabinet Advisory Committees.

55 **WALES AUDIT OFFICE - ANNUAL AUDIT LETTER 2015/16.**

Geraint Norman, Wales Audit Office, provided the Committee with a summary of the Annual Audit Letter 2015/16 and highlighted the areas for improvement. It was confirmed that work on grant claims was continuing and a detailed report would be provided in early 2017.

It was noted that questions had been received from the Public, which had been resolved and the Wales Audit Office had managed to maintain the Audit Fee previously submitted.

The Committee queried the topics of the questions asked by the Public. It was confirmed that the questions received were on the issues of Gorseinon Primary School, Oceana and pay severance for a senior member of staff. There had recently been a further question in respect of the Liberty Stadium which was in the process of answered.

It was queried whether the Wales Audit Office had looked at the use of Cabinet Advisory Committees. Steve Barry, Wales Audit Office, confirmed that terms of reference and roles were clear and that there was no cause for concern.

**RESOLVED** that the contents of the letter and updates be noted.

56 **WALES AUDIT OFFICE UPDATE REPORT.**

Steve Barry, Wales Audit Office presented an update report on the Audit work undertaken by the Wales Audit Office.

The report detailed the Financial Audit Work 2015-16 – City and County of Swansea Pension Fund and the Financial Audit Work 2015-16 – City and County of Swansea.

The report also updated the Committee regarding the Performance Audit Work – City and County of Swansea. This included work on the following areas: -

- 2015-16 Improvement Assessment;
- 2015-16 Local Government Studies;
- 2016-17 Improvement Assessment;
- 2016-17 Local Government Studies.

The Committee asked questions of the Wales Audit office representatives, who responded accordingly. Discussions highlighted the strategic approach of councils to income generation and charging for services, governance and Regional Educational Consortia, particularly the recommendations from the Wales Audit Office examination of ERW in terms of value for money. A further report would be provided to the Committee in due course.

**RESOLVED** that: -

- 1) The contents of the update be noted;
- 2) The Wales Audit Office report regarding the key principles to a strategic approach to setting, increasing or introducing charges for local authority services be circulated to the Committee.

57 **INTERNAL AUDIT MONITORING REPORT - QUARTER 2 2016/17.**

The Chief Auditor presented the Internal Audit Monitoring Report – Quarter 2 2016/17.

He reported that all posts within the Internal Audit Section were now filled. However, a member of staff continued to be on long term sick but was expected to return to work shortly.

A total of 25 audits had been completed in Quarter 2 and the Chief Auditor reported that a large number of audits received a high level of assurance. He added that none of the audits received a Moderate or Limited level of assurance which was pleasing. It was also noted that the set target for audit recommendations which have been agreed had also been exceeded.

An update was provided on Primary School Self Assessments. 28 Questionnaires were issued in Quarter 1 and 22 questionnaires had been completed and returned. The Chief Auditor would continue to pursue the outstanding questionnaires and look at any improvements to improve the process for next year.

During the 2<sup>nd</sup> Quarter, 2 follow up visits were made. Both visits showed that there were recommendations still to be implemented, so further visits would be scheduled.

The Chair noted that overall it had been a positive Quarter.

**RESOLVED** that the update be noted.

58 **RECOMMENDATION TRACKER REPORT 2015/16.**

The Chief Auditor presented the Committee with the Recommendations Tracker Report 2015/16.

He noted that the general trend was positive with decreasing recommendations being made and the number of recommendations being implemented increasing. The Chief Auditor would continue to review the not implemented or partly implemented recommendations.

**RESOLVED** that the update be noted.

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

The Audit Committee Action Tracker report was provided for information.

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

The Audit Committee Work Plan was reported for information.

The meeting ended at 3.30 pm

**CHAIR**

# CITY AND COUNTY OF SWANSEA

## MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 3A, GUILDHALL, SWANSEA ON  
TUESDAY, 14 FEBRUARY 2017 AT 2.00 PM

**PRESENT:** Councillor L James (Vice Chair) presided

**Councillor(s)**

C Anderson  
L James  
R V Smith

**Councillor(s)**

T J Hennegan  
J W Jones  
L V Walton

**Councillor(s)**

P R Hood-Williams  
P M Meara  
T M White

**Officer(s)**

Paul Beynon	Chief Auditor
Debbie Smith	Interim Deputy Head of Legal & Democratic Services.
Simon Cockings	Group Auditor
Jeremy Parkhouse	Democratic Services Officer

**Also Present: -**

Geraint Norman	Wales Audit Office
Gareth Lewis	Wales Audit Office

**Apologies for Absence**

Councillor(s): R A Clay and C Thomas

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

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

62 **WALES AUDIT OFFICE REPORT - AUDIT COMMITTEE REVIEW OF PERFORMANCE 2016/17.**

Gareth Lewis and Geraint Norman, Wales Audit Office facilitated a session to allow the Audit Committee to complete a review of its performance during 2016/17.

Members were asked to consider the areas of Committee work they felt had gone well and those they felt could be improved. The session was based around the 7 core functions of an audit committee established by CIPFA. The core principles discussed were: -

- Assurance Statements including the Annual Governance Statement;
- Internal Audit;
- Risk Management;
- Control Environment including value for money and countering fraud and corruption;
- External Audit and other inspection agencies;

- Relationship between External Audit, Internal Audit, inspection agencies and other relevant bodies;
- Financial Statements.

The Wales Audit Office would feed back the results of the session for consideration and inclusion in the Audit Committee Annual Report 2016/17.

The Chair thanked the Wales Audit Office representatives for leading the discussions.

63 **AUDIT COMMITTEE - ACTION TRACKER. (FOR INFORMATION)**

The Audit Committee Action Tracker was provided for information.

The Committee discussed Section 106 Agreements and Risk Management.

**RESOLVED** that: -

- 1) The contents of the report be noted;
- 2) The outcome relating to Councillor access to the Section 106 database be reopened due to insufficient information being available.

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

The Audit Committee Work Plan was reported for information.

The Committee requested that the Chief Education Officer be reminded that he was required to attend the Special Audit Committee on 28 March 2017.

Geraint Norman, Wales Audit Office (WAO) informed the Committee that the final WAO Grants Report 2015/16 would be reported to the Committee in June 2017.

The meeting ended at 3.55 pm

**CHAIR**



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

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### 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 June 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

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 focused on maintaining resilience over the medium to long term.	Final report to be issued March 2017
<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	Drafting
<b>Aligning the levers of Change</b>	Facilitated self-assessment with officers in first stage and elected members second stage.	Project brief to be issued March 2017. Stage one dates to be confirmed (April –June 2017) stage two dates to be confirmed.
<b>Audit Committee facilitated self-assessment</b>	Wales Audit Office facilitated Audit Committee self assessment.	Completed February 2017
<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'	June 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.	In progress 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.	In progress. 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.	In progress. 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
Welsh Government oversight of further education finances and delivery	Published Feb 2017 <a href="#">Welsh Government oversight of further education finances and delivery</a>
Public Procurement	In progress

## Report of the Chief Auditor

### Audit Committee – 14 March 2017

#### INTERNAL AUDIT ANNUAL PLAN 2016/17 MONITORING REPORT FOR THE PERIOD 1 OCTOBER 2016 TO 31 DECEMBER 2016

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2016 to 31 December 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 have been 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 October 2016 to 31 December 2016.

**2. Audits Finalised 1 October 2016 to 31 December 2016**

2.1 An Auditor post which had previously been covered by an agency auditor was filled on a permanent basis in October 2016 which means that all posts within the Section are now filled by a permanent member of staff.

2.2 The Internal Audit Section has continued to experience unusually high levels of sickness in the 3<sup>rd</sup> Quarter of 2016/17 with a total of 63 days. The total number of sick days taken in the since 1 April 2016 is 199 days against an annual budget of 80 days. Most of the sick in Quarter 3 was due to a member of staff with a serious knee problem which severely restricted mobility. However the member of staff returned to work on a phased return basis during December 2016.

2.3 A total of 21 audits were finalised during Quarter 3. 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 3<sup>rd</sup> Quarter is shown in the following table. It is pleasing to note that once again, no audits received a moderate or limited level of assurance in the quarter.

<b>Assurance Level</b>	High	Substantial	Moderate	Limited
Number	5	16	0	0

2.5 A total of 142 audit recommendations were made and management agreed to implement 138 recommendations i.e. 97.2% 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 3 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>
0	29	79	30	138

2.7 In addition, the Internal Audit Section also certified the following grants in the quarter as required by the terms and conditions of the grant issued by the Welsh Government.

<b>Grant</b>	<b>Amount £</b>
Supporting People Programme Grant 2015/16	13,817,121
Pupil Deprivation Grant 2015/16	6,375,365

- 2.8 It was found that the grants had been spent in accordance with the agreed purpose and that only eligible expenditure was included.
- 2.9 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 31 December 2016.
- 2.10 An analysis of the details in Appendix 2 shows that by the end of December 2016, approximately 69% of the Audit Plan was either completed or in progress which is excellent progress, particularly in view of the levels of risk 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.
- 2.11 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.
- 2.12 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.
- 2.13 The questionnaire was sent to 28 primary schools due for audit in 2016/17 during Quarter 1 and by the end of the December, 22 completed questionnaires had been returned. Work is ongoing to chase the return of the outstanding questionnaires. Committee may wish to consider a letter being sent by the Chair to those schools who have not returned their questionnaires.
- 2.14 The returned questionnaires have been analysed and a short visit to schools commenced during Quarter 3 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. School visits will continue during Quarter 4.
- 2.15 The Internal Audit Section was also involved in the following work during Quarter 3
- 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.
- The data for the National Fraud Initiative 2016 exercise was uploaded to the NFI website by the due date
- A review of the system for providing Homefix loans was undertaken following a whistleblowing complaint.
- Staff provided input into the creation of online starter and leaver forms by Employee Services
- The Annual report of school Audits 2015/16 was presented to the Schools Scrutiny Performance Panel in November 2016.
- Advice was provided regarding proposed changes to the Civic Centre Cash Office

### **3. Follow Ups Completed 1 October 2016 to 31 December 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 3<sup>rd</sup> Quarter, follow up visits made to the following services to confirm that the agreed recommendations had been implemented showed that substantial progress had been made and no further follow up visits were required

- Portmead Primary School
- Seaview Primary School
- Grand Theatre
- Swansea Children's Centre/Mayhill Family Centre

3.4 Follow up visits were also made to the following services during Quarter 3 where it was found that satisfactory progress had not been made with a number of agreed recommendations still to be implemented

- Suresprung
- Community Equipment Store
- Community Alarms
- Car Parks



- 3.5 A second follow up visit has been scheduled for later in the year to the services highlighted above to confirm that the outstanding recommendations have been implemented.
- 3.6 The Recommendations Tracker exercise for 2015/16 which confirms that the recommendations arising from the fundamental audits have been implemented was completed during Quarter 3.
- 3.7 The results of the Recommendations Tracker exercise for 2015/16 was presented to the Audit Committee at its meeting on 3 January 2017 where it was reported that the number of recommendations arising from fundamental audits continues to decline and that good progress had been made with 37 of the 46 agreed recommendations being implemented by the end of November 2016 with the rest being on line for implementation by the end of the financial year.

#### **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 3 2016/17  
Appendix 2 Internal Audit Plan 2016/17 – Progress to 31/12/16

## INTERNAL AUDIT - MONITORING REPORT QUARTER 3 2016/17

Head of Service	Audit	Date	Assurance Level	Recommendations			
				Finalised	Made	Agreed	Not Agreed
Child & Family Services	Community Childcare	04/10/16	High		3	3	0
Finance & Delivery	NNDR	04/10/16	High		3	3	0
Legal & Democratic Services	Councillors Code of Conduct	20/10/16	High		3	3	0
Housing & Public Protection	Housing Division (Pests & Strays)	02/11/16	High		4	4	0
Education Improvement	Education Library & Resource Service	12/12/16	High		1	1	0
Education Improvement	Welsh Centre & Translation Unit	07/10/16	Substantial		15	15	0
Child & Family Services	Emergency Duty Team	10/10/16	Substantial		9	8	1
Highways & Transportation	Civil Parking Enforcement	17/10/16	Substantial		10	9	1
Cultural Services	Spot Checks	31/10/16	Substantial		7	7	0
Finance & Delivery	Accounts Receivable	02/11/16	Substantial		5	5	0
Legal & Democratic Services	Electoral Services	07/11/16	Substantial		16	16	0
Human Resources & Organisational Development	Employee Vetting	08/11/16	Substantial		7	7	0
Education Planning & Resources	Bishop Vaughan Catholic Comprehensive School	09/11/16	Substantial		4	4	0
Corporate Building & Property Services	Heol-y-Gors Stores	21/11/16	Substantial		12	11	1
Planning & City Regeneration	Planning Services - Administration & Fees	22/11/16	Substantial		10	10	0
Finance & Delivery	Cashiers Office	06/12/16	Substantial		9	9	0
Corporate Building & Property Services	Day to Day Repairs - Maintenance Section	06/12/16	Substantial		5	4	1
Highways & Transportation	Clydach Depot - Stores	07/12/16	Substantial		6	6	0
Highways & Transportation	Central Transport Unit - Stores	07/12/16	Substantial		8	8	0
Human Resources & Organisational Development	Pensions Administration	13/12/16	Substantial		3	3	0
Planning & City Regeneration	Section 106 Agreements	13/12/16	Substantial		2	2	0
<b>Total</b>					<b>142</b>	<b>138</b>	<b>4</b>

## INTERNAL AUDIT ANNUAL PLAN 2016/17 - PROGRESS

Head of Service	Risk Rating	Progress as at 31.12.16
<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	Draft Issued
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
Wauarlwydd 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	Draft Issued
Bishopston Comprehensive School	Medium	Planned
Morrison Comprehensive School	Medium	Draft Issued
Olchfa Comprehensive School	Medium	Draft Issued
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	Final Issued

## INTERNAL AUDIT ANNUAL PLAN 2016/17 - PROGRESS

Head of Service	Risk Rating	Progress as at 31.12.16
<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	In Progress
Key Stage 4 Education Centre	Medium	In Progress
Stepahead Education Centre	Medium	In Progress
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	Final Issued
Pupil Deprivation Grant	N/A	Final Issued
Schools Annual Report	N/A	Final Issued
<b>Head of Child and Family Services</b>		
Youth Offending Service	Medium/High	In Progress
Emergency Duty Team	Low	Final Issued
Community Childcare	Medium/Low	Final Issued
Leaving Care Act	Medium	In Progress
Discretionary Payments (incl. S17)	Medium/High	In Progress
<b>Head of Adult Services</b>		
Supporting People Grant	N/A	Final Issued
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

## INTERNAL AUDIT ANNUAL PLAN 2016/17 - PROGRESS

Head of Service	Risk Rating	Progress as at 31.12.16
<b>Head of Corporate Building &amp; Property Services</b>		
Heol y Gors - Stores	Medium	Final Issued
Heol y Gors - Estimating	Medium	Planned
Heol y Gors - Plant	Medium	In Progress
Day to Day Repairs - Maintenance Section	Medium/High	Final Issued
Quadrant Rents	Medium	Final Issued
Estates Management	Medium	Final Issued
Emergency Planning & Civil Contingencies	Medium	Planned
<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	Final Issued
Taxi Framework Contract	Medium	Planned
Advance Payments Code	Medium	In Progress
Clydach Depot - Stores	Medium	Final Issued
Central Transport Unit - Fleet Maintenance	Medium/High	In Progress
Central Transport Unit - Stores	Medium	Final Issued
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
Penlan DHO	Medium	In Progress
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	Final Issued
<b>Head of Cultural Services</b>		
Foreshore & Lettings	Medium	Final Issued
Spot Checks	N/A	Final Issued
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	Final Issued
Section 106 Agreements	High	Final Issued
Planning & Enforcement	New	Planned
Planning - AONB	New	Planned

## INTERNAL AUDIT ANNUAL PLAN 2016/17 - PROGRESS

Head of Service	Risk Rating	Progress as at 31.12.16
<b>Head of Communications &amp; Consultation</b>		
Corporate Marketing	Low	Draft Issued
DesignPrint	Medium	Final Issued
E-Commerce Controls	Medium	Planned
Web Development	New	Planned
Corporate Complaints	Medium/Low	In Progress
Contact Centre	Medium	In Progress
<b>Intetrim Head of Legal &amp; Democratic Services</b>		
Electoral Services	Medium	Final Issued
Councillors Expenses & Allowances	Medium	Final Issued
Election Expenses	N/A	In Progress
Councillors Code of Conduct	New	Final Issued
<b>Head of Human Resources</b>		
Employee Vetting	High	Final Issued
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	Final Issued
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	In Progress

## INTERNAL AUDIT ANNUAL PLAN 2016/17 - PROGRESS

Head of Service	Risk Rating	Progress as at 31.12.16
<b>Fundamental Systems</b>		
Payroll	High	In Progress
Pensions Administration	High	Final Issued
Teachers Pensions	Medium	In Progress
Accounts Receivable	High	Planned
Business Rates	Medium	Defer to 2017/18
Treasury Management - Borrowing & Investments	Medium	In progress
Accounts Payable	Medium	In Progress
Housing & Council Tax Benefit	Medium	Final Issued
Cash	Medium	In Progress
Council Tax	Medium	In Progress
Main Accounting	Medium	In 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	In Progress
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	In Progress
Procurement of Telephones	Medium/High	Final Issued

## INTERNAL AUDIT ANNUAL PLAN 2016/17 - PROGRESS

Head of Service	Risk Rating	Progress as at 31.12.16
<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	Complete



## Report of the Chief Auditor

**Audit Committee – 14 March 2017**

### **INTERNAL AUDIT ANNUAL PLAN - METHODOLOGY**

<b>Purpose:</b>	This report provides a briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2017/18 being reported to the Committee for approval on 28 March 2017.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To brief the Audit Committee of the process of preparing the Internal Audit Annual Plan
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation(s):</b>	It is recommended that: the Committee note the methodology for preparing the Internal Audit Annual Plan 2017/18
<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 Public Sector Internal Audit Standards (PSIAS) provide a framework for the delivery of a professional, independent and objective internal audit service and are mandatory for all internal audit providers in the public sector in the UK.
- 1.2 One of the requirements of the PSIAS is that an annual risk-based Internal Audit plan must be prepared to determine the priorities of Internal Audit and to ensure they are consistent with the Council's goals. The Plan must allow sufficient audit coverage across the whole Council for the Chief Auditor to be able to provide an annual opinion to Council via the Section 151 Officer and Audit Committee on the control environment covering corporate governance, risk management and internal control.

- 1.3 The Audit Plan should ensure that resources are targeted at the areas of the Council's work where it can provide most benefit by providing assurance over key risks and controls.
- 1.4 The Standards state that the Internal Audit Annual Plan must be discussed with senior management which in the Internal Audit Charter is defined as the Corporate Management Team before being reported to the Audit Committee for approval.
- 1.5 This report provides a briefing on the methodology used to prepare the Annual Plan in advance of the Plan for 2017/18 being reported to the Committee for approval at the next meeting.

## **2. Internal Audit Plan Methodology**

- 2.1 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.
- 2.2 An extract of the PSIAS requirements regarding internal audit planning is attached in Appendix 1
- 2.3 The starting point for a risk-based audit approach is gaining an understanding of the Council's objectives and goals as well as the current key risks faced by the Council as recorded in the Risk Registers.
- 2.4 Information is gathered from a number of sources prior to the preparation of the detailed Audit Plan including
  - The Corporate Plan and One Swansea Plan
  - Reports to Cabinet, Council and Scrutiny
  - Risk Registers
  - Areas of concern or request for audit coverage from management or the Audit Committee
  - Other sources of assurance available both from internal and external sources
  - Any recent or proposed significant changes to the Council's systems or operations
  - Previous audit results and Internal Audit's cumulative knowledge of systems and procedures across the Council
- 2.5 Following the gathering of relevant information, an Audit Needs Assessment is completed utilising the risk assessment undertaken for each audit. The risk assessment takes account of a wide range of factors which are grouped into the following categories

- Materiality e.g. income, expenditure
- Control Environment/Vulnerability e.g. previous frauds, staff turnover
- Management Concerns e.g. direct request for help, potential for embarrassment
- Sensitivity e.g. impact on service, effect on Council's welfare

2.6 A copy of the Risk Assessment form used is attached in Appendix 2

2.7 The outcome of the risk assessment is a risk index which is then used to determine the frequency of audit visits as shown in the following table. The frequency of audit visit for medium/low and low risk audits was increased in 2015/16 as one of the changes reported to the Audit Committee at the time which were designed to free up audit resources which could then be used on higher risk audits and added value work.

<b>Risk Index</b>	<b>Risk Factor</b>	<b>Frequency of Visit</b>
0 – 19	Low	5 years
20 – 25	Medium/Low	4/5 years
26 – 40	Medium	3 years
41 – 49	Medium/High	2/3 years
50 +	High	1/2 years

2.8 In addition to the risk assessment process, a number of systems have traditionally been identified, in consultation with our external auditors as fundamental e.g. Payroll, Accounts Receivable, Main Accounting, Council Tax. All fundamental systems are audited either annually or every 2 years which recognises the significance of the system to the achievement of the Council's objectives.

2.9 A number of audits are undertaken on an annual basis rather than by the determination of risk e.g. grant certification audits where the work is required under the terms and conditions of the grant, the review of debts written off prior to authorisation, services where significant amounts of cash are handled, etc.

2.10 The use of the risk assessment process provides every audit in the Council's audit universe with a year when the next audit visit is due which is used to develop the Audit Plan.

2.11 Each year, a Consultation Exercise is held with all Heads of Service giving them the opportunity to comment on the audit coverage in their area and to ensure that all risks within their services have been identified. Heads of Service may also request specific reviews or pieces of work by the Internal Audit Section which will add value to their service. All requests are considered in light of the total Internal Audit resources available.

- 2.12 The Consultation Exercise for the 2017/18 Audit Plan commenced on 1 January 2017.
- 2.13 A review of the Corporate and Directorate Risk Registers also takes place to ensure that where necessary, Internal Audit resources are targeted at the areas considered to be the highest risk.
- 2.14 The ongoing review of the current year's Annual Plan also informs the planning process e.g. by identifying any emerging risks, new systems, developments or special investigations which may have a wider impact.
- 2.15 The Audit Needs Assessment i.e. the risk assessment process, consultation exercise and review of the risk registers will provide the total number of audit days required in the Audit Plan for 2017/18 which then has to be matched against the audit resources available.
- 2.16 The audit resources available in 2017/18 is 9.5 full time equivalents excluding the Chief Auditor.
- 2.17 The audit resources available have to allow for things such as annual leave, public holidays, training, administration, planning, sickness and a contingency to allow for unplanned work. This provides the productive audit days available to deliver the required audit coverage obtained from the Audit Needs Assessment.
- 2.18 Inevitably, the required audit coverage will exceed the available audit resources leading to a further review of the required audit coverage. This review will again be risk based to ensure that the areas of greatest perceived risk are prioritised. The audits which are deferred to reconcile the audit days required to the available audit resources will be low risk or medium/low risk or will have received a high level of assurance at the last audit which indicates good systems and controls are in place.
- 2.19 The Internal Audit Annual Plan is reported to the Corporate Management Team and Audit Committee at the start of each year for approval. However, the Annual Plan must remain a flexible document that reacts to changing risks and priorities over the course of the year.

### **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 – Extract from Public Sector Internal Audit Standards  
Appendix 2 – Risk Assessment Sheet

## Extract from Public Sector Internal Audit Standards

### 2010 Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

*Interpretation:*

The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls.

#### **Public sector requirement**

The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

#### **2010.A1**

The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

#### **2010.A2**

The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.

#### **2010.C1**

The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.

### **2020 Communication and Approval**

The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

## **2030 Resource Management**

The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

### *Interpretation:*

Appropriate refers to the mix of knowledge, skills and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

### **Public sector requirement**

The risk-based plan must explain how internal audit's resource requirements have been assessed.

Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.

## City and County of Swansea - Risk Assessment Sheet - Internal Audit Section

Establishment/Site/System: \_\_\_\_\_

File Ref: \_\_\_\_\_

Completed By: \_\_\_\_\_ Date: \_\_\_\_\_ Approved (and copied to PFile/RAFile.) By: \_\_\_\_\_ Date: \_\_\_\_\_

Tick each factor that applies and score 1 point (except A) - maximum 5 points per category

A. Materiality		B. Control Environment / Vulnerability	C. Management Concerns	D Sensitivity
Value of funds that pass through the system and/or direct expenditure <u>plus</u> income = £ _____  Annual Value (£)		<ul style="list-style-type: none"> <li>• Previous frauds if &lt; 5 years</li> <li>• Opinion rating less than 'satisfactory'</li> <li>• Last audit review &gt; 3 years ago (date _____)</li> <li>• High staff turnover</li> <li>• New system(s) operating</li> <li>• High degree of devolution</li> <li>• Complex system(s) operating</li> <li>• Critical reports from outside bodies etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct requests for help</li> <li>• Potential for embarrassment</li> <li>• Specific problem areas</li> <li>• Control weaknesses</li> <li>• Assets at risk</li> <li>• Significant cash income (e.g.: &gt; £10K p.a.)</li> </ul>	<ul style="list-style-type: none"> <li>• Political sensitivity of activity</li> <li>• Large no. of sub-systems, interlinked or dependent systems</li> <li>• Effect on Authority's welfare</li> <li>• Unwelcome disclosure</li> <li>• Impact on service</li> <li>• Impact on other depts.</li> </ul>
Page 8 of 10	Score			
• < 1,000	0			
• 1,000 - 10,000	1			
• 10,001 - 100,000	2			
• 100,001 - 1m	3			
• 1m - 5m	4			
• > 5m	5			
Total Score (max 5)				
Weighting		8	4	3
Weighted Scores				
Total WS =risk index		<b>Low 0 to 19, Medium/Low 20 to 25, Medium 26 to 40, Medium/High 41 to 49, High 50 and above</b>		



## Report of the Chief Auditor

**Audit Committee – 14 March 2017**

### **INTERNAL AUDIT CHARTER 2017/18**

<b>Purpose:</b>	This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 <sup>st</sup> April 2013 and presents an Internal Audit Charter for approval by the Committee.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	There is a requirement under the PSIAS for every internal audit provider to have an Internal Audit Charter which must be approved by the Audit Committee
<b>Consultation:</b>	Corporate Management Team, Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that the Committee approve the Internal Audit Charter 2017/18
<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 Public Sector Internal Audit Standards (PSIAS) came into force on 1<sup>st</sup> April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government
- 1.2 The PSIAS were developed by CIPFA and the Chartered Institute of Internal Auditors (CIIA) and are mandatory for all providers of internal audit services in the public sector.

- 1.3 The 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 were reviewed in 2015 and now consist of the following
- Mission of Internal Audit
  - Definition of Internal Audit
  - Core Principles for the Professional Practice of Internal Auditing
  - 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 Corporate Management Team 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 the changes shown as tracked changes in Appendix 1
- 2.5 The Charter has been approved by the Executive Board on 8 March 2017 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 Provision of an adequate and effective internal audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2005 as amended. For local government in Wales, the PSIAS is mandatory for all principal local authorities. An effective internal audit service also ensures that the Well-being Goals within the Well-being of Future Generations Act Wales (2015) are being met.

**Background Papers:** None

**Appendices:** Appendix 1 City and County of Swansea – Internal Audit Charter  
2017/18

**CITY AND COUNTY OF SWANSEA**

**INTERNAL AUDIT CHARTER**

**2017/18**

**1. Introduction**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1<sup>st</sup> April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government
- 1.2 The PSIAS were adopted by the Relevant Internal Audit Standard Setters which is made up of 7 organisations including CIPFA and the Welsh Government.
- 1.3 The PSIAS were developed by CIPFA and the Chartered Institute of Internal Auditors (CIIA) and are mandatory for all providers of internal audit services in the public sector.
- 1.4 The PSIAS consist of the following
- Definition of Internal Audit
  - Code of Ethics
  - International Standards for the Professional Practice of Internal Auditing
- 1.5 The PSIAS were further reviewed in 2015 and with effect from 1 April 2016, the following were added to the Standards
- Mission of Internal Audit
  - Core Principles for the Professional Practice of Internal Auditing
- 1.6 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 of internal audit activities
  - Defines the nature of assurance and consulting activities
- 1.7 The Internal Audit Charter must be reviewed periodically by the Chief Auditor and presented to the Corporate Management Team 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 Corporate Director (Resources).
- The Accounts and Audit (Wales) Regulations 2014 state that *‘a larger relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. The 2014 Regulations also say that ‘a larger relevant body must, at least once in each 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 Mission of Internal Audit as outlined in the latest version of the Standards is as follows

‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’

2.4 The Core Principles of internal audit are shown below. The Standards state that failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit’s mission

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and the risks of the organisation
- Is appropriately positioned and adequately resourced

- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive and future-focused
- Promotes organisational improvement

2.5 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.

2.6 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.

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

<b>PSIAS</b>	<b>City &amp; County Swansea</b>
Chief Audit Executive	Chief Auditor
Senior Management	Corporate Management Team
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 the Chief Finance and Deputy 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. Where this occurs, 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 established a Corporate Fraud Team with effect from 1<sup>st</sup> June 2015.
- 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 – 14 March 2017

### PUBLIC SECTOR INTERNAL AUDIT STANDARDS EXTERNAL ASSESSMENT

<b>Purpose:</b>	This report provides background to the required external assessment of compliance with the Public Sector Internal Audit Standards and the proposed method of securing the external assessment.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To allow arrangements to be put in place for the external assessment prior to 31 March 2018
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that 1) Committee agree that the external assessment should be by way of a self-assessment with an independent external validation provided through the Welsh Chief Auditor's Peer Group 2) The Chair is nominated as the 'appropriate sponsor' who must agree the scope of the external assessment
<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 Public Sector Internal Audit Standards (PSIAS) were introduced in the United Kingdom on 1 April 2013 and compliance with the Standards is mandatory for all providers of internal audit services in the public sector.

- 1.2 One of the requirements of the Standards is that an external assessment of each internal audit provider must be conducted at least once every 5 years.
- 1.3 The Standards also require that the form of the external assessment and the qualifications and independence of the external assessor is discussed with the Audit Committee
- 1.4 This report satisfies the requirements of the Standards in terms of the external assessment and recommends the way forward for securing the external assessment of the City and County of Swansea's Internal Audit Section.

## **2 External Assessment – Requirements**

- 2.1 The PSIAS require an external assessment at least once every 5 years by a qualified, independent assessor or assessment team from outside the organisation.
- 2.2 The external assessment can be either a full external assessment or a self-assessment with an independent external validation. Where a self-assessment is adopted, it is recommended that the checklist published by CIPFA in its Local Government Application Note for the PSIAS is used.
- 2.3 An external assessor must demonstrate competence in the professional practice of internal auditing and the external assessment process. The external assessor must be appropriately qualified and have sufficient knowledge of the PSIAS.
- 2.4 The external assessor must have no real or apparent conflict of interest and not be part of or under the control of the organisation to which the internal audit activity belongs.
- 2.5 The PSIAS also state that the scope of the external assessment must be agreed with an 'appropriate sponsor' e.g. the Accounting / Accountable Officer or the Chair of the Audit Committee.
- 2.6 It is also a requirement that the format of the external assessment is discussed with the Audit Committee.

## **3. Proposed External Assessment**

- 3.1 In recent years, the requirement for an external assessment of compliance with the PSIAS has been discussed at a number of Welsh Chief Auditors Group meetings.
- 3.2 As a result of the discussions, it was agreed that the Welsh Chief Auditors would establish a peer group to provide an external

assessment via a robust external validation of the self-assessment checklist provided by CIPFA.

- 3.3 Terms of reference for the peer group have been established by the Welsh Chief Auditors Group to fully meet the requirements of the PSIAS.
- 3.4 The peer review will be undertaken by the Chief Auditor of another Welsh authority and to ensure independence and objectivity, 2 authorities will not be allowed to undertake each other's external assessment.
- 3.5 The main advantage of the proposed approach is that it fully complies with the requirements of the PSIAS in terms of the assessor's qualifications, independence, objectivity and knowledge of the Standards and the external assessment process.
- 3.6 The peer review approach will also be delivered without the cost of employing an external assessor. Evidence has been gathered showing that a full external assessment is likely to cost around £15k while an external validation costs round £11k.
- 3.7 There will be no costs involved in the peer review approach apart from the Chief Auditor's time in completing an external validation of another authority. The peer review approach is also in keeping with the collaborative working agenda being promoted by the Welsh Government.
- 3.8 A proposed list of external reviews has been drawn up and it is proposed that the external validation of Swansea will be undertaken by the Chief Auditor of the City and County of Cardiff while the Chief Auditor of Swansea will undertake the external validation of Blaenau Gwent County Borough Council.
- 3.9 The Section 151 Officer supports the provision of the external assessment by self-assessment with an external validation by the peer group established by the Welsh Chief Auditors.
- 3.10 The intention of identifying an appropriate sponsor for the external review is to further safeguard the independence of the external assessment process. It is proposed that the Chair of the Audit Committee is appointed as the appropriate sponsor and is responsible for agreeing the scope of the external review with the Chief Auditor.
- 3.11 Following the external review a draft report will be produced which will be sent to the Chief Auditor and Sponsor to confirm factual accuracy. A final report will then be issued to the Chief Auditor and Sponsor including an action plan to address any issues identified during the assessment. The final report and action plan will also be presented to the Audit Committee.

#### **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 Provision of an adequate and effective internal audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2005 as amended. For local government in Wales, the PSIAS is mandatory for all principal local authorities. An effective internal audit service also ensures that the Well-being goals within the Well-being of Future Generations Act Wales (2015) are being met.

**Background Papers:** Public Sector Internal Audit Standards

**Appendices:** None

# Agenda Item 10

## Report of the Chief Auditor

**Audit Committee – 14 March 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>03/01/17 Min 55 – Wales Audit Office Annual Audit Letter 2015/16</b>	
The Wales Audit Office report regarding the key principles to a strategic approach to setting, increasing or introducing charges for local authority services be circulated to the Committee	The report was circulated on 04/01/17 - CLOSED
<b>13/12/16 Min 45 – Training Presentation Risk Management</b>	
An update on the progress of Risk Management be provided in March	Due to the number of items on the agendas for the meetings in March 2017, the Risk Management update has been included on the agenda for the June 2017 meeting
<b>13/12/16 Min 45 – Training Presentation Risk Management</b>	
The presentation be circulated to the Committee	The presentation was circulated on 21/12/16 - CLOSED
<b>13/12/16 Min 46 – Training Presentation Counter Fraud</b>	
The presentation be circulated to the Committee	The presentation was circulated on 21/12/16 - CLOSED
<b>13/12/16 Min 47 – Commercialism Strategy</b>	
Members of the Committee be invited to attend the forthcoming Headteacher Workshops	An e-mail was sent to the Head of Commercial Services on 11/01/17 to register the interest of members of the Committee in the Headteacher Workshops. When the Workshop date has been agreed, details will be circulated to the Committee.
<b>13/12/16 Min 47 – Commercialism Strategy</b>	
The presentation be circulated to the Committee	The presentation was circulated on 21/12/16 - CLOSED
<b>13/12/16 Min 51 – Corporate Fraud Team Investigation Report</b>	
The Chair writes to the Head of Waste Management to seek assurance that the lessons learned from this investigation have been adopted by the service,	A letter was sent to the Head of Waste Management on 13/01/17 - CLOSED
<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>Action</b>	<b>Outcome</b>
<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 was unable to attend the meetings on 13/12/16, 03/01/17 and 14/02/17 but has been asked to come to the meeting on 14/03/17. The Chair wrote to the Chief Education Officer on 17 February 2017 regarding his attendance at the Audit Committee.
<b>25/10/16 Min 41 – Chair / Wales Audit Office Liaison Meeting</b>	
Confirmation be provided regarding Member access to the Section 106 database	Feedback was provided by the Chief Auditor to the meeting on 03/01/17 and a note circulated to all members.
<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 was presented to Cabinet on 19/01/17 - CLOSED
<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 as part of the current review of the Risk Management Policy and Framework
<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 provided to the Audit Committee meeting on 03/01/17 - CLOSED

<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 28/03/17
<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 11

## Report of the Chief Auditor

**Audit Committee – 14 March 2017**

### **AUDIT COMMITTEE – WORKPLAN**

<b>Purpose:</b>	This report details the Audit Committee Workplan to May 2017 and a draft Workplan for 2017/18.
<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 The Audit Committee's Workplan to May 2017 is attached in Appendix 1 for information
- 1.2 A draft Workplan for 2017/18 is included in Appendix 2. The dates included for the meetings in 2017/18 are subject to approval by Council.

#### **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**

**Appendix 2 – Draft Audit Committee Workplan 2017/18**



## AUDIT COMMITTEE WORKPLAN 2016/17

Date of Meeting	Reports
14 March 2017	Chief Education Officer Briefing Wales Audit Office Update Report Internal Audit Monitoring Report Q3 2016/17 Internal Audit Plan 2017/18 – Methodology Internal Audit Charter 2017/18 Public Sector Internal Audit Standards – External Assessment Audit Committee Action Tracker Report
28 March 2017 – Special Meeting	Chair of Scrutiny Programme Committee Wales Audit Office Annual Plan 2017 Internal Audit Annual Plan 2017/18 Corporate Fraud Team Update Corporate Fraud Team Plan 2017/18 Draft Audit Committee Annual Report 2016/17 Audit Committee Action Tracker Report

## DRAFT AUDIT COMMITTEE WORKPLAN 2017/18

Date of Meeting	Reports
13 June 2017	Risk Management Policy and Framework - update Wales Audit Office Update Report Wales Audit Office Grants Report 2015/16 Internal Audit Monitoring Report Quarter 4 2016/17 Final Audit Committee Annual Report 2016/17 Audit Committee Action Tracker Report
11 July 2017 – Special	Draft Statement of Accounts 2016/17 Draft Annual Governance Statement 2016/17 Audit Committee Action Tracker Report
8 August 2017	Wales Audit Office Update Report Internal Audit Annual Report 2016/17 Corporate Fraud Annual Report 2016/17 Annual Report of School Audits 2016/17 Chief Education Officer Response to Annual Report of School Audits 2016/17 Internal Audit Monitoring Report Quarter 1 2017/18 Audit Committee Action Tracker Report
26 September 2017 - Special	Wales Audit Office ISA 260 Report 2016/17 – City and County of Swansea Wales Audit Office ISA 260 Report 2016/17 – Pension Fund Audit Committee Action Tracker Report
10 October 2017	Chair of Scrutiny Programme Committee Corporate Governance Review - Progress Update Risk Management Half-Yearly Review 2017/18 Wales Audit Office Update Report Audit Committee Action Plan - Review Audit Committee Action Tracker Report
12 December 2017	Wales Audit Office – Financial Statements Report 2016/17 Wales Audit Office – Annual Audit Letter 2016/17 Wales Audit Office Update Report Internal Audit Monitoring Report Quarter 2 2017/18 Recommendations Tracker Report 2016/17 Audit Committee Action Tracker Report
13 February 2018	Wales Audit Office Update Report Wales Audit Office Grants Report 2016/17 Internal Audit Monitoring Report Quarter 3 2016/17 Internal Audit Annual Plan Methodology 2018/19 Audit Committee Review of Performance 2017/18 Audit Committee Action Tracker Report

<b>Date of Meeting</b>	<b>Reports</b>
10 April 2018	Wales Audit Office Annual Plan 2018 Wales Audit Office Update Report Internal Audit Charter 2018/19 Internal Audit Annual Plan 2018/19 Corporate Fraud Annual Plan 2018/19 Draft Audit Committee Annual Report 2017/18 Audit Committee Action Tracker Report