

# **CITY AND COUNTY OF SWANSEA**

## **MINUTES OF THE AUDIT COMMITTEE**

**HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON  
TUESDAY, 20 SEPTEMBER 2016 AT 2.00 PM**

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

**Councillor(s)**

T J Hennegan  
J W Jones  
L V Walton

**Councillor(s)**

P R Hood-Williams  
P M Meara

**Councillor(s)**

L James  
D Phillips

**Officer(s):**

Mike Hawes	Director of Resources / Section 151 Officer
Paul Beynon	Chief Auditor
Sandie Richards	Principal Lawyer
Jeremy Parkhouse	Democratic Services Officer

**Also Present:**

Geraint Norman	Wales Audit Office
David Williams	Wales Audit Office

**Apologies for Absence**

Councillor(s): C Anderson, R A Clay, R V Smith, C Thomas and T M White  
Independent Member(s): Mr A M Thomas

31 **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.

32 **WALES AUDIT OFFICE ISA 260 REPORT 2015/16 - CITY & COUNTY OF SWANSEA.**

Geraint Norman, Wales Audit Office presented Wales Audit Office ISA 260 report 2015/16 – City and County of Swansea. The report set out for consideration, matters arising from the audit of the financial statements for the Council.

It was added that the auditors had received the draft financial statements for the year ended 31 March 2016 a week before the deadline of 30 June 2016 and had now substantially completed their audit work. The audit plan for the Council issued in March 2016 set out the audit risks which were considered to be significant. The auditors had undertaken audit work to assess these risks and also considered any new risks which had arisen.

A summary of the audit risks, the audit work undertaken and the conclusions were shown in Exhibit 1 of the report. Exhibit 2 contained the uncorrected misstatements in the 2015/16 financial statements. The final letter of representation was contained

at Appendix 1, the proposed audit report was provided Appendix 2, the corrected mis-statements were provided at Appendix 3 and the key recommendations arising from the financial audit work was set out in Appendix 4.

It was reported that it was the Auditor General's intention to issue an unqualified audit report on the financial statements.

The Committee asked questions in relation to the following which were responded to by the Wales Audit Office Representative / Director of Resources: –

- Bad debt provision;
- Journal approval;
- Oracle authorisation;
- Accounting for capital, particularly building and land valuations.

**RESOLVED** that the contents of the report be noted.

33 **WALES AUDIT OFFICE ISA 260 REPORT 2015/16 - PENSION FUND.**

David Williams, Wales Audit Office presented a report that set out for consideration the matters arising from the audit of the financial statements of the Pension Fund for 2015/16 which required reporting under ISA 260.

The Audit Plan for the Pension Fund issued in March 2016 sets out the financial audit risks which were considered to be significant. The auditors had undertaken the audit to assess these risks and also considered any new risks which might have arisen. A summary of the financial audit risks, the audit work undertaken and the conclusion was shown in Exhibit 1.

It was the Auditor General's intention to issue an unqualified audit report on the financial statements once the Authority had provided a Letter of Representation based on that set out in Appendix 1.

The proposed audit report was set out in Appendix 2. The Pension Fund was included within the Council's main financial statements and therefore the opinion shown was that proposed for the Council's main financial statements incorporating the Pension Fund.

It was outlined that there were no misstatements identified in the financial statements which remained uncorrected. There were a number of misstatements which had been corrected by management but which the auditors felt should be highlighted due to their relevance to the responsibilities of the Authority over the financial reporting process. These were set out with explanations in Appendix 3. These amendments had no impact on the Fund Account but the value of investments in the Net Assets Statement was increased by £1,513,000. There were also a number of other presentational amendments made to the draft financial statements arising from the audit. Other significant issues arising from the audit were also reported.

The key recommendations arising from the financial audit work were set out in Appendix 4. Management had responded to them and progress would be checked

during next year's audit. Where any actions were outstanding, the auditors would continue to monitor progress and include it in the report next year.

The Committee asked questions relating to the following, which were responded to by the Wales Audit Office Representative / Director of Resources: -

- Membership numbers;
- Reconciliation of the ALTAIR data base;
- Investment strategy of fund managers;
- Fees payable to fund managers.

**RESOLVED** that the contents of the report be noted.

34 **WALES AUDIT OFFICE FINANCIAL RESILIENCE ASSESSMENT REPORT.  
(FOR INFORMATION)**

The Director of Resources presented a 'for information' report which provided the findings of the Wales Audit Office on the financial resilience assessment of the City and County of Swansea. The Wales Audit Office had considered whether the Authority had appropriate arrangements to plan to secure and maintain its financial resilience in the medium term.

Members highlighted the following: -

- The savings being made by the Authority but added that these were not in the areas previously outlined by the Leader;
- Council policies regarding poverty;
- Monitoring of the Medium Term Financial Plan;
- The financial resilience of the Authority;
- Persistent overspending by departments;
- Combining services with other local authorities to save costs.

The Director of Resources responded to Members' questions and highlighted the difficulty in making year on year savings; how the Authority was working differently due to the reductions in the workforce; the pressures of budget monitoring and the implications of over-spending; and reduction in spending as a result of working in partnership with other local authorities.

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

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

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

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

The meeting ended at 3.05 pm

**CHAIR**