

DINAS A SIR ABERTAWE

HYSBYSIAD O GYFARFOD

Fe'ch gwahoddir i gyfarfod arbennig

PWYLLGOR ARCHWILIO

Lleoliad: Ystafell Bwyllgor 6, Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Mawrth, 28 Mawrth 2017

Amser: 2.00 pm

Cadeirydd: Mr Alan M Thomas

Aelodaeth:

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

AGENDA

Rhif y Dudalen.

- 1 Ymddiheuriadau am absenoldeb.
- 2 Datgeliadau o fuddiannau personol a rhagfarnol.
www.abertawe.gov.uk/DatgeliadauBuddiannau
- 3 Cadeirydd Pwyllgor y Rhaglen Graffu. 1 - 27
- 4 Ardystio Grantiau a Ffurflenni 2015-16 - Dinas a Sir Abertawe. 28 - 51
- 5 Cynllun Archwilio 2017 - Dinas a Sir Abertawe. 52 - 77
- 6 Cynllun Archwilio 2017 - Cronfa Bensiwn Dinas a Sir Abertawe. 78 - 91
- 7 Cynllun Blynyddol Archwilio Mewnol 2017/18. 92 - 107
- 8 Tîm Twyll Corfforaethol - Y Diweddaraf. 108 - 111
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Huw Evans

Huw Evans
Pennaeth Gwasanaethau Democrataidd
Dydd Mercher, 22 Mawrth 2017

Cyswllt: Gwasanaethau Democrataidd - 636923

Agenda Item 3

Report of the Chair of the Scrutiny Programme Committee

Council – 28 July 2016

SCRUTINY ANNUAL REPORT 2015-2016

Purpose:	To provide a report on the work of scrutiny for the municipal year 2015-2016.
Report Author:	Councillor Mary Jones / Dave Mckenna
Finance Officer:	Paul Cridland
Legal Officer:	Wendy Parkin
Access to Services Officer:	Sherill Hopkins
FOR INFORMATION	

1.0 Introduction

1.1 Every year Council requires that an annual report is produced for the work of scrutiny for the previous municipal year.

1.2 The Scrutiny Annual Report is used to:

- Highlight the work carried out by scrutiny
- Show how scrutiny has made a difference
- Support continuous improvement for the scrutiny function

1.3 For the fourth year the report is being produced as a simple scorecard. This approach is intended to highlight a small number of key indicators that illustrate four performance questions. These questions, which are intended to reflect a 'results based' approach, are:

- What was the impact of scrutiny?
- How well did we do it?
- How much did scrutiny affect the business of the Council?
- How much scrutiny did we do?

1.4 Charts have been added that show comparative data with previous years where available. Arrows on the main scorecard have also been added to indicate the direction of change for each measure.

1.5 The annual report was agreed by the Scrutiny Programme Committee on 11 July 2016.

1.6 Any comment made by Council will be considered by the Committee to inform future annual reports.

2.0 Financial Implications

2.1 There are no financial implications associated with this report.

3.0 Legal Implications

3.1 The Council Constitution requires that an overview & scrutiny annual report is produced each year although the style and content of the annual report is not prescribed.

4.0 Equality and Engagement Implications

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

Background Papers: None.

Appendices:

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Scrutiny Annual Report 2015/16

Scrutiny Programme Committee
City and County of Swansea - Dinas a Sir Abertawe



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1. Chair's Foreword

Councillor Mary Jones, Chair of the Scrutiny Programme Committee



Over the last year scrutiny in Swansea has continued to improve and has been continued to make a difference. Our flexible approach to scrutiny, which has attracted interest from other councils, was recognised nationally when the City and County of Swansea was shortlisted for an MJ Award (otherwise known as the local government Oscars!) in the category of Excellence in Governance and Scrutiny. Unfortunately we did not claim the top prize but to be shortlisted for this award is a real achievement and shows how far we have come.

This year we have maintained our record of holding each of the Council's 10 Cabinet Members to account in a formal question and answer session with the Committee. Personally I am very pleased about this as this is one of the most important ways that scrutiny contributes to our local democracy. I am grateful to our Cabinet Members for taking the time to provide us with information and for being so constructive in their sessions with us. I look forward to more constructive holding to account over the coming year.

Once again we have used a scorecard approach and this allows us to compare what we have done with previous years. Some of our improved indicators include:

- Number of panel meetings and working groups (105)
- Backbench councillors actively involved in scrutiny (79)
- Number of Cabinet reports subject to pre decision scrutiny (6)
- Scrutiny recommendations accepted or partly accepted by Cabinet (97)
- Staff who say they have a good understanding of the work of scrutiny (96)

I want to pay tribute to the scrutiny councillors who have been working so hard to make a difference. This year we have had more meetings than ever before and this is because scrutiny councillors have been willing to give up their time to work on issues that they feel passionately about and they know are important to the public.

I also want to thank those who have given us such excellent support over the last year. As a committee we are grateful the scrutiny team for their continuing hard work and to all of the officers from across the council who have made such a valuable contribution – either through their direct support and advice or through the written and verbal reports they have provided.

As scrutiny councillors we have been focusing on the issues that matter. Whether school improvement through our school governance inquiry, whether local services through our building sustainable communities inquiry or whether children and young people through our inquiry into mental health services for that age group. This last one is one that I have chaired and is an issue that I am particularly passionate about.

Last year in this report I hoped that we would be doing more pre decision scrutiny and, as you can see, this has indeed been the case. Over the last 12 months we have scrutinised six cabinet reports prior to decision. These have covered issues including the education outside of school, the development of the City Centre, social care day services and the school music service. I expect that there will be more pre decision scrutiny in the year to come.

In terms of learning and development two important sessions were held this year. One session focused on children's rights and one on community services. Both sessions will help ensure that we ask the righty questions going forward. I am grateful to everyone who came and worked with us on these.

Last year we identified five improvement outcomes – ways that we wanted to improve the work that we do as scrutineers. In this report you will find details of the progress that we have made on those outcomes. There is still much to be done as we continue to improve what we do.

Finally, I want to give thanks to Councillor Robert Smith who recently stood down as Vice Chair of the committee. As well as being an excellent Vice Chair he has steered a particularly challenging piece of work on the Council's search for a Gypsy / Traveller site to a conclusion this year. He led this work with care and consideration and deserves a great deal of credit.

Councillor Nick Davies has taken over as Vice Chair I look forward to working with Nick as we continue to tackle the issue that matter over the coming year.

2. Swansea Scrutiny Results Scorecard 2015-16

Scrutiny Practice	A. How much scrutiny did we do?	B. How well did we do it?
	1. Number of committee meetings = 15 ↓ (21) 2. Number of panel meetings/working groups = 105 ↑ (99) 3. Number of in-depth inquiries completed = 4 ↔	4. Councillors who say they have a good understanding of the work of scrutiny = 93% ↑ (91%) 5. Staff who say they have a good understanding of the work of scrutiny = 96% ↑(58%) 6. Average councillor attendance at scrutiny meetings = 68% ↓ (72%) 7. Backbench councillors actively involved in scrutiny = 79% ↑ (77%) 8. Councillors who agree that the level of support provided by the Scrutiny Team is either excellent or very good = 81% ↓ (85%) 9. Staff who agree that the level of support provided by the Scrutiny Team is either excellent or very good = 71% ↓ (75%) 10. Councillors who agree that the scrutiny arrangements are working well = 83%* 11. Staff who agree that the scrutiny arrangements are working well = 75%*
Scrutiny Outcomes	C. How much did scrutiny affect the business of the Council?	D. What were the outcomes of scrutiny?
	12. Number of chairs letters written to cabinet members = 71 ↓ (76) 13. In depth inquiries reported to Cabinet = 4 ↔ 14. Action plans agreed = 3 ↓ (4) 15. Follow ups undertaken = 5 ↑ (4) 16. Number of Cabinet reports subject to pre decision scrutiny = 6 ↑ (2) 17. Cabinet members who attended at least one question and answer session at the Scrutiny Programme Committee = 100% ↔	18. Scrutiny recommendations accepted or partly accepted by Cabinet=97%↑ (90%) 19. Recommendations signed off by scrutiny as completed = 77% ↓ (80%) 20. Councillors who agree that scrutiny has a positive impact on the business of the Council = 76% ↓ (84%) 21. Staff who agree that scrutiny has a positive impact on the business of the Council = 55% ↓(79%) 22. Councillors who agree that that the Scrutiny Work Programme balances community concerns against issues of strategic risk and importance = 74%* 23. Staff who agree that that the Scrutiny Work Programme balances community concerns against issues of strategic risk and importance = 60%*

↓↑ = significant change, ↓↑ = small change, ↔ no change * new indicator

3. About the Indicators

A. How much scrutiny did we do?

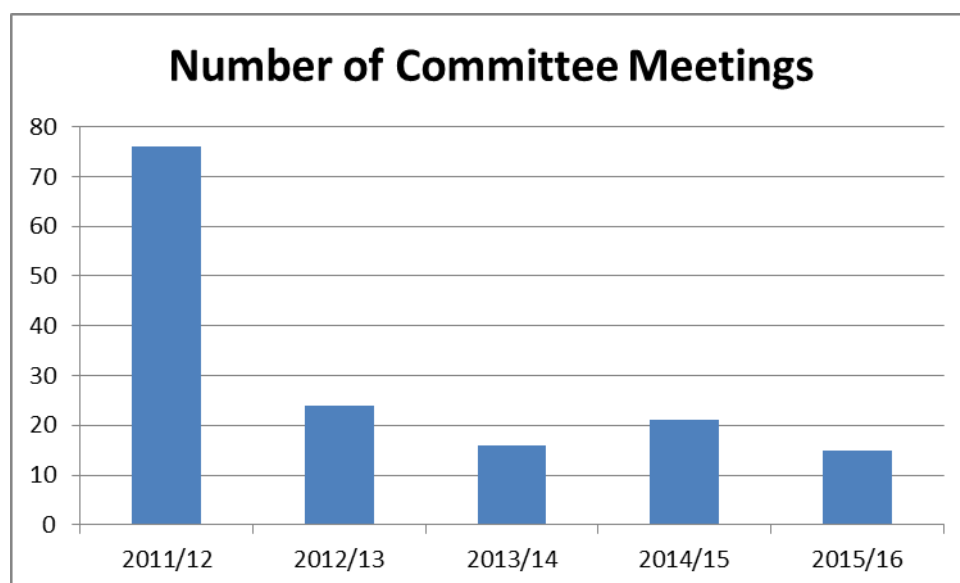
3.1 Number of formal committee meetings = 15

Formal committee meetings for scrutiny are held in public and give councillors the opportunity to hold cabinet members to account and provide challenge on a range of policy and service issues.

The committee meetings for 2015-16 were as follows:

- Scrutiny Programme Committee (13 meetings)
- Special Scrutiny Programme Committee – review of gypsy & traveller site search process (2 meetings)

Comparison with previous years:



(Note: During 2012/13 before the Scrutiny Programme Committee was established three Scrutiny Boards were operating. In 2011/12 there were five boards and two committees)

3.2 Number of panel meetings/working groups = 105

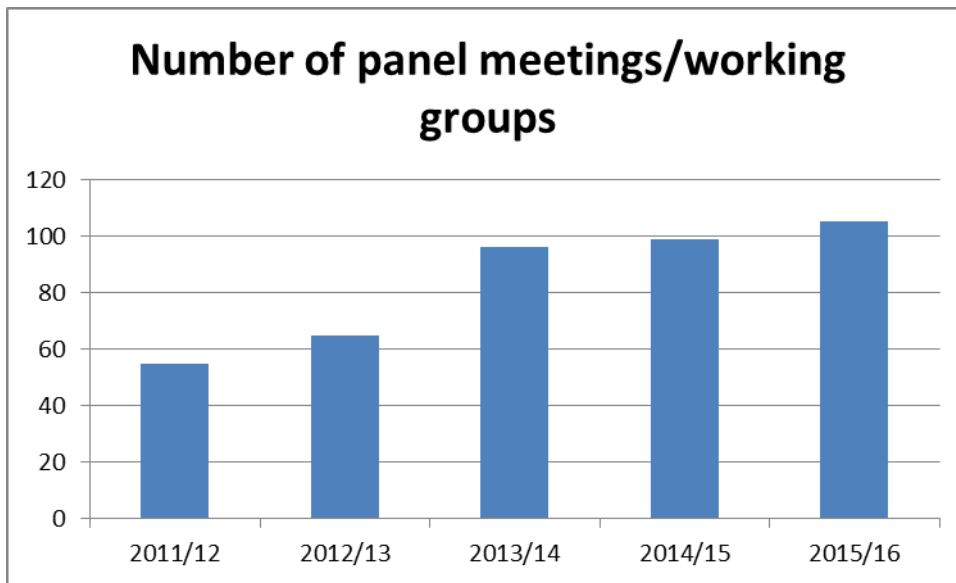
Panel meetings and working groups are established by the Scrutiny Programme Committee with an appointed convener. There are two types of panels:

Inquiry panels - these undertake in-depth inquiries into specific and significant areas of concern on a task and finish basis.

Performance panels - these provide in-depth monitoring and challenge for clearly defined service areas.

Working groups are one-off meetings established when a matter should be carried out outside of the committee but does not need a panel to be set up.

Comparison with previous years:

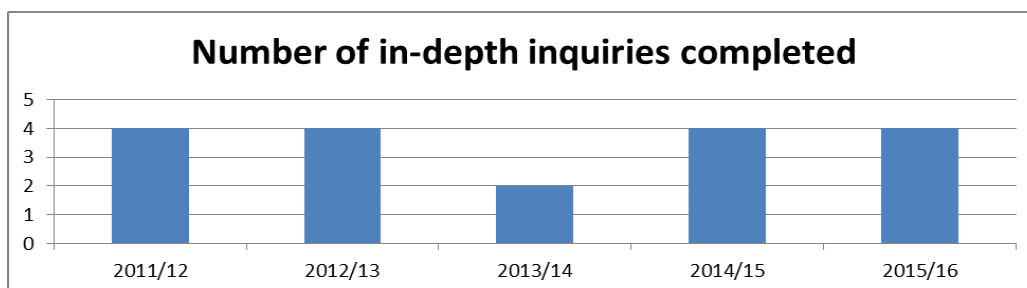


3.3 Number of in-depth inquiries completed = 4

Work on the following in-depth inquiries was completed during 2015-16:

Inquiry	Panel
<i>Scrutiny Review:</i> Gypsy Traveller Site Search Process	Scrutiny Programme Committee
<i>A very challenging role:</i> How can the Council ensure that school governors provide effective challenge for their schools?	School Governance Inquiry Panel
<i>High Aspirations:</i> How are services being improved for those children and young people who need or are at risk of being educated other than at school?	Education Inclusion Inquiry Panel
<i>Can do, yes please:</i> How can Swansea Council ensure that service delivery is always supported by a can do culture?	Corporate Culture Inquiry Panel

Comparison with previous years:

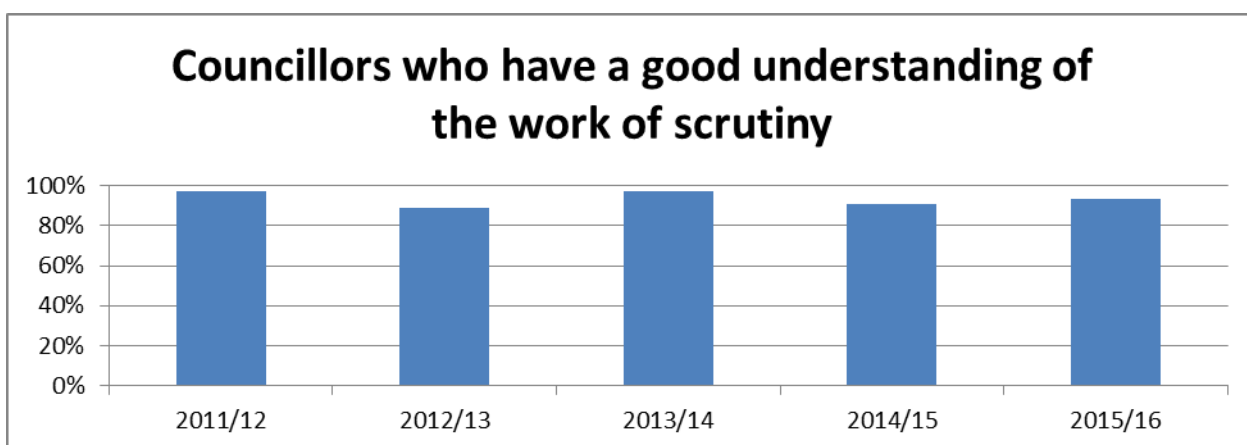


B. How well did we do it?

3.4 Councillors who say they have a good understanding of the work of scrutiny = 93%

Awareness and understanding of scrutiny is an important aspect of effectiveness. This data is collected via an annual survey of Councillors. The numbers of councillors who responded to the survey was 42 (58% of all councillors).

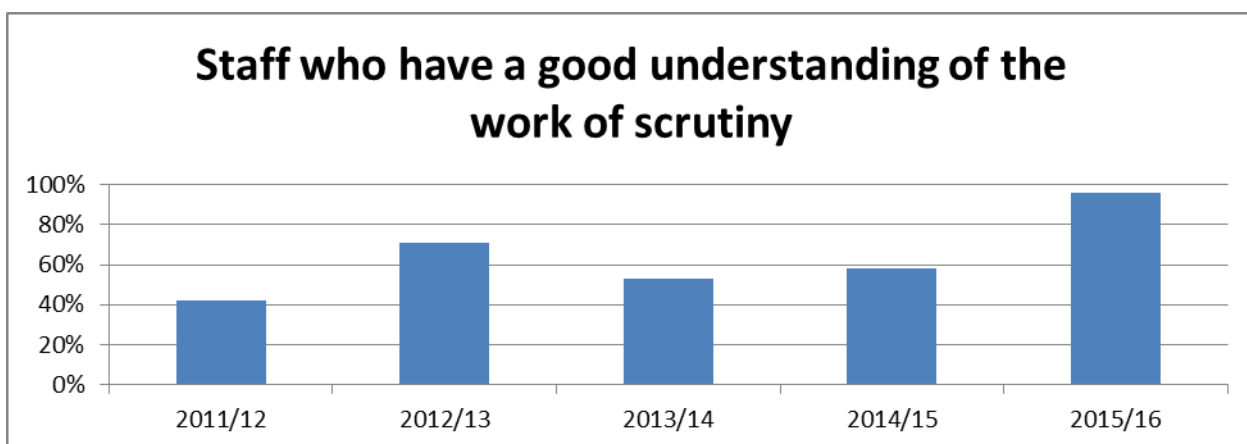
Comparison with previous years:



3.5 Staff who say they have a good understanding of the work of scrutiny = 96%

Awareness and understanding of scrutiny is an important aspect of effectiveness. This data is collected via an annual survey of staff and partners. The number of people answering this question was 83 which is a low number from which to draw meaningful conclusions.

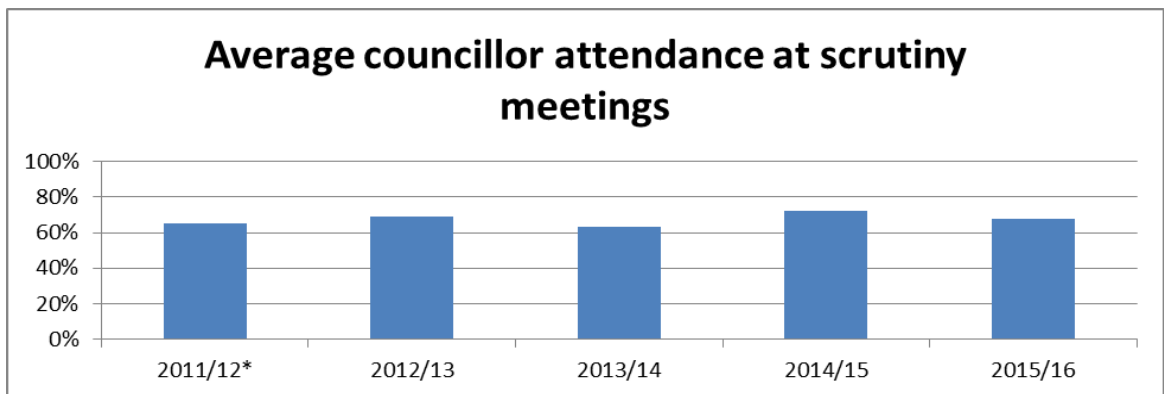
Comparison with previous years:



3.6 Average councillor attendance at scrutiny meetings = 68%

The rate of councillor attendance measures an important aspect of effectiveness as it reflects the engagement of councillors in the scrutiny process. Attendance figures for councillors attending formal meetings are collected by the Members Support Team and published on the Council's website. 2015/16's figure is an overall attendance figure that includes the Scrutiny Programme Committee, panel meetings and the working groups.

Comparison with previous years:

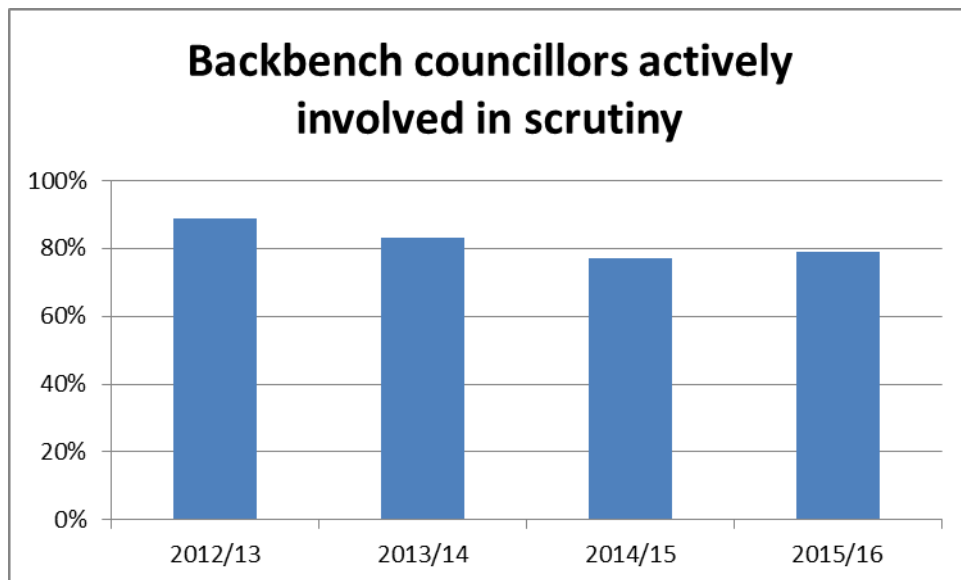


*formal meetings only

3.7 Backbench councillors actively involved in scrutiny = 79%

The large majority of backbench councillors were involved in scrutiny either through the Scrutiny Programme Committee, panels or working groups.

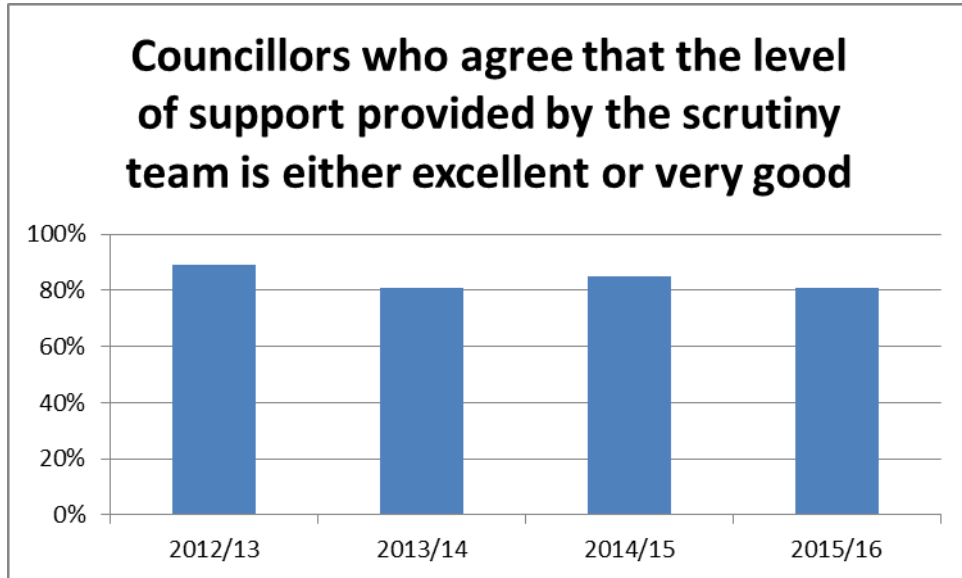
Comparison with previous years:



3.8 Councillors who have used the service who agree that the level of support provided by the Scrutiny Team is either excellent or very good = 81%

The Scrutiny Team provides capacity for the committee and the panel meetings/working groups to undertake their work by undertaking, for example, project management, research, report writing and liaison with cabinet and witnesses. This data is collected via an annual survey of councillors. The number of councillors answering this question was 42.

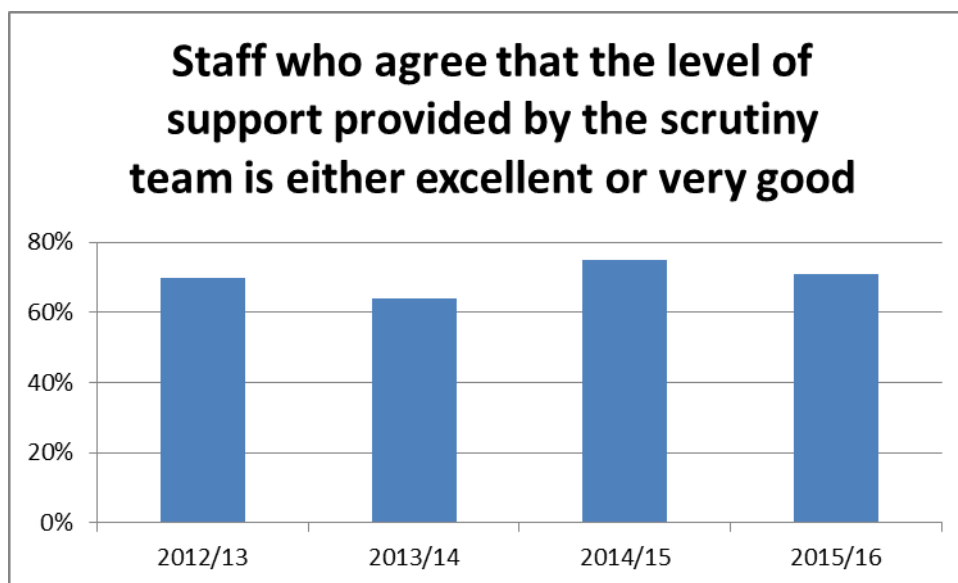
Comparison with previous years:



3.9 Staff who agree that the level of support provided by the Scrutiny Team is either excellent or very good = 71%

The Scrutiny Team provides capacity for the committee and the panel meetings/working groups to undertake their work by undertaking, for example, project management, research, report writing and liaison with cabinet and witnesses. This data is collected via an annual survey of staff and partners. Only those who have used the service are asked this question. The number of people answering this question was 21.

Comparison with previous years:



3.10 Councillors who agree that the scrutiny arrangements are working well = 83%

As part of an annual survey, councillors are asked whether they feel the scrutiny arrangements are working well. The number of councillors answering this question was 42. This was a new indicator for 2015/16.

3.11 Staff who agree that the scrutiny arrangements are working well = 75%

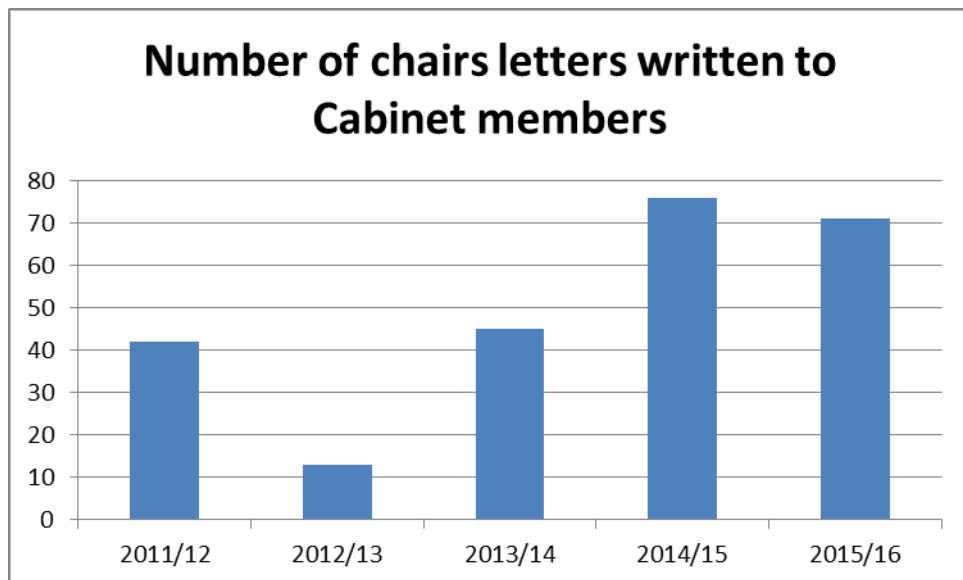
As part of an annual survey, staff and partners are asked whether they feel the scrutiny arrangements are working well. Only those staff and partners who have worked with scrutiny within the last 12 months are asked this question. 20 staff and partners answered this question. This was a new indicator for 2015/16.

C. How much did scrutiny affect the business of the Council?

3.12 Number of chairs letters written to cabinet members = 71

Chairs letters allow the committee and panel meetings/working groups to communicate quickly and efficiently with the relevant cabinet members. They use these letters to raise concerns, highlight good practice, ask for further information and make recommendations.

Comparison with previous years:

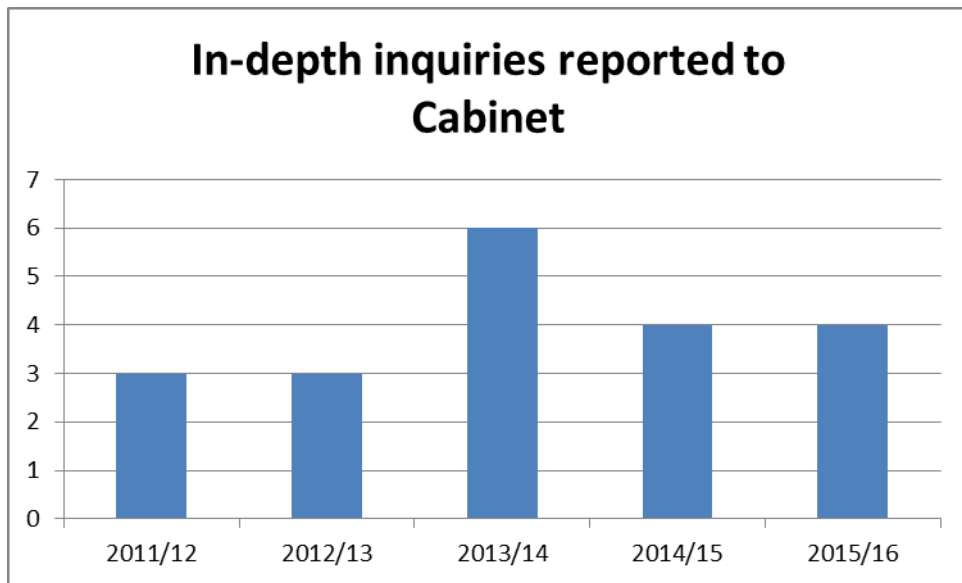


3.13 In-depth inquiries / reviews reported to Cabinet = 4

In depth inquiries are reported to Cabinet for a response to the recommendations agreed by scrutiny and action plan on how the recommendations will be implemented. The following in-depth reviews were reported to Cabinet from scrutiny with the number of recommendations from each shown in brackets:

- Scrutiny Review: Gypsy Traveller Site Search Process (5)
- School Governance (16)
- Education Inclusion (20)
- Corporate Culture (19)

Comparison with previous years:

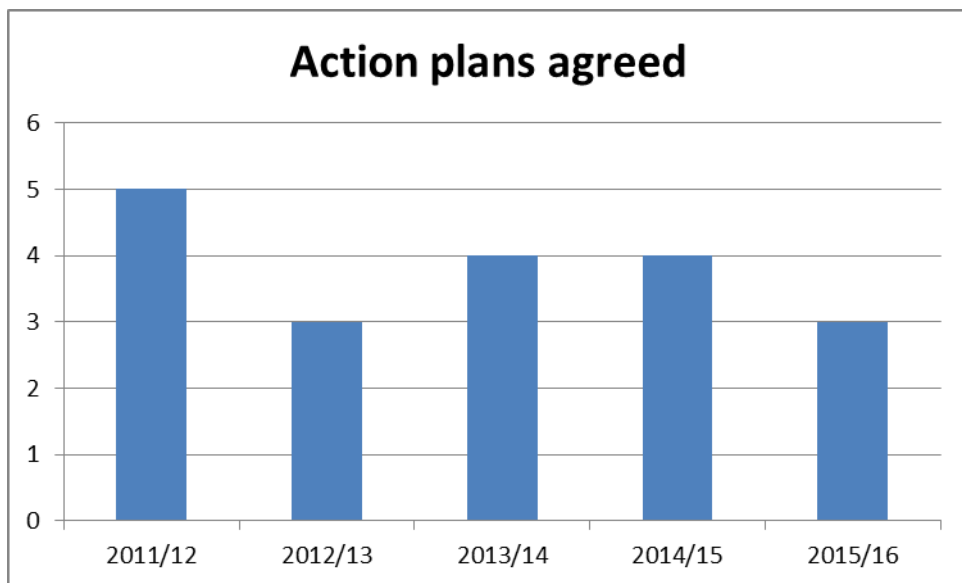


3.14 Action plans agreed = 3

Once recommendations and an action plan have been agreed by cabinet, scrutiny will follow up on progress with implementation and impact. The following action plans were agreed following in-depth inquiries during 2015-16:

- Social Care at Home
- Corporate Culture
- Education Inclusion

Comparison with previous years:

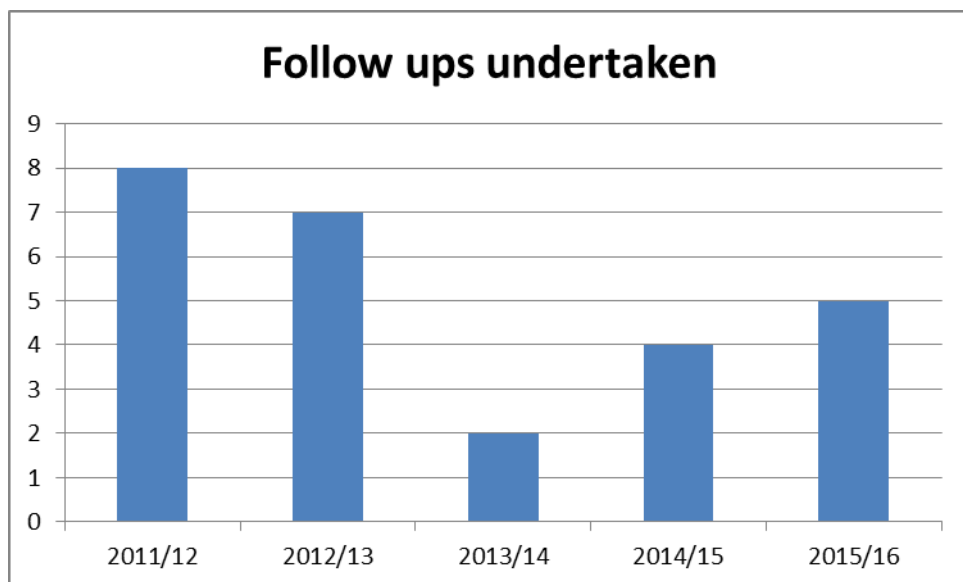


3.15 Follow ups undertaken = 5

In order to check whether the agreed action plans have been carried out, scrutiny will ask for follow up reports from cabinet members. If councillors are satisfied they can then conclude the work for that inquiry. The following follow ups were considered in 2015-16:

- Attainment and Wellbeing
- Economic Inactivity
- Inward Investment
- Public Engagement
- Streetscene

Comparison with previous years:

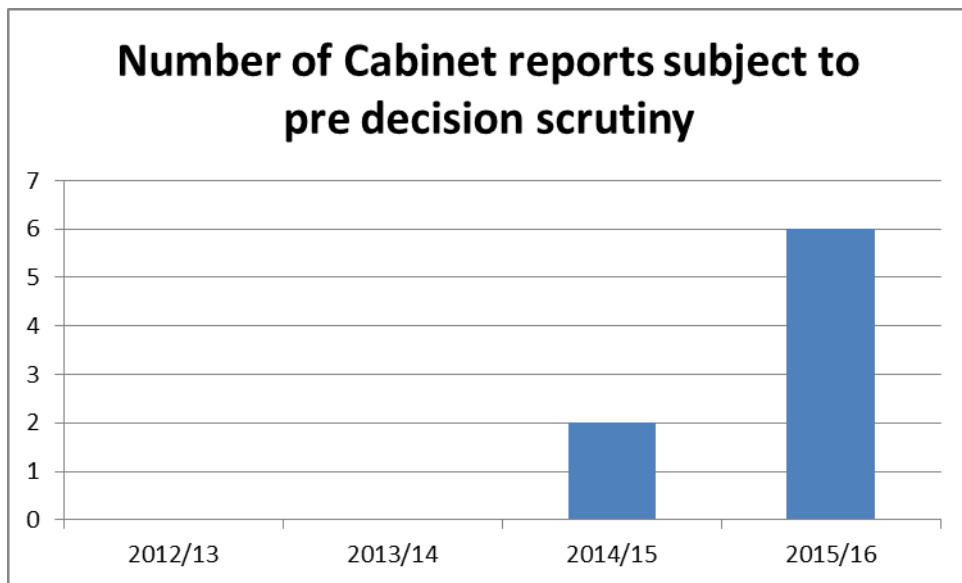


3.16 Number of Cabinet reports subject to pre decision scrutiny = 6

Pre decision scrutiny involves scrutiny councillors considering cabinet reports before cabinet makes a final decision. In 2015/16 6 cabinet reports were subject to pre decision scrutiny, these were:

- The Future of Education Other Than At School Services in Swansea
- Disposal of Former Civic Centre and Adjoining Land, Penllergaer
- Development of City Centre Sites – Selection of Development Partner(s) and Authorisation to Amend the Current Year Capital Programme (FPR7)
- Review Of Abergelli & The Beeches Alternative Day Services
- Budget Reports
- Review of School Music Service Arrangements

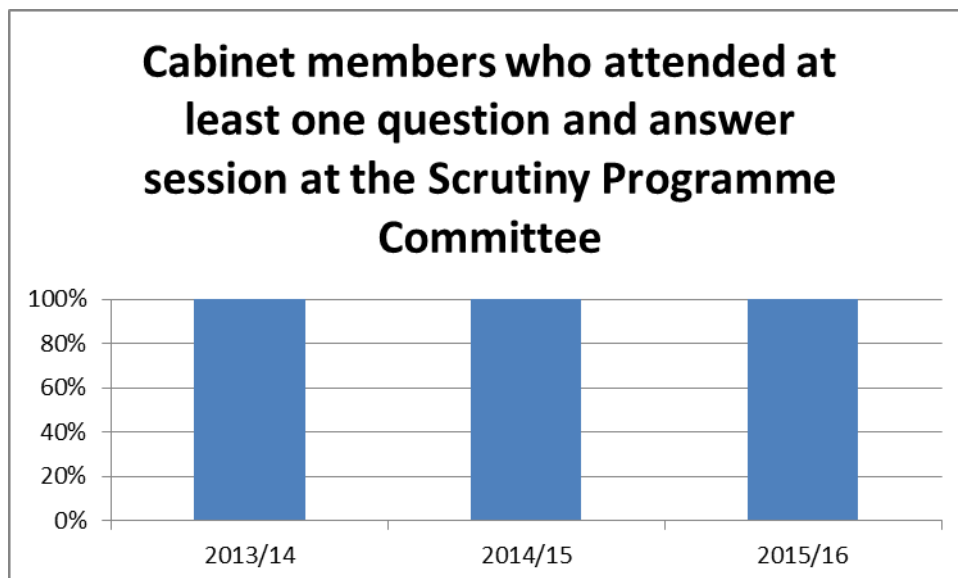
Comparison with previous years:



3.17 Cabinet members who attended at least one question and answer session at the Scrutiny Programme Committee – 100%

Cabinet members attend scrutiny meetings to answer questions and provide information. Cabinet attendance at scrutiny meetings is a good indicator that the 'holding to account' role of scrutiny is functioning well. In 2015/16 every Cabinet member attended at least one question and answer session at the Scrutiny Programme Committee. This indicator was added in 2013/14.

Comparison with previous years:

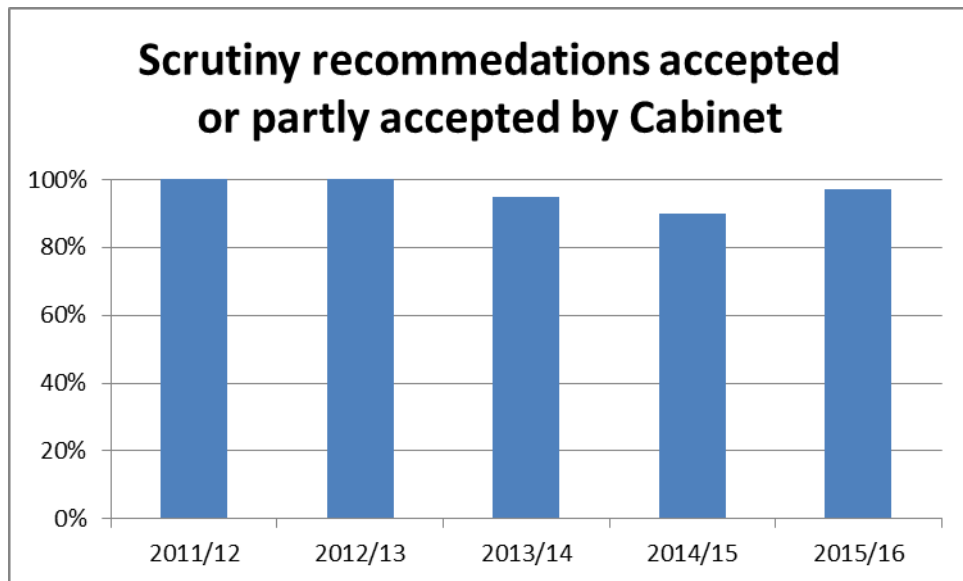


D. What were the outcomes of scrutiny?

3.18 Scrutiny recommendations accepted or partly accepted by Cabinet = 97%

The rate that cabinet accept scrutiny recommendations is a good indicator of whether scrutiny is making strong recommendations based on robust evidence. Cabinet responded to 61 scrutiny recommendations in 2015-16 of which 54 were accepted and 5 were partly accepted. 2 were rejected.

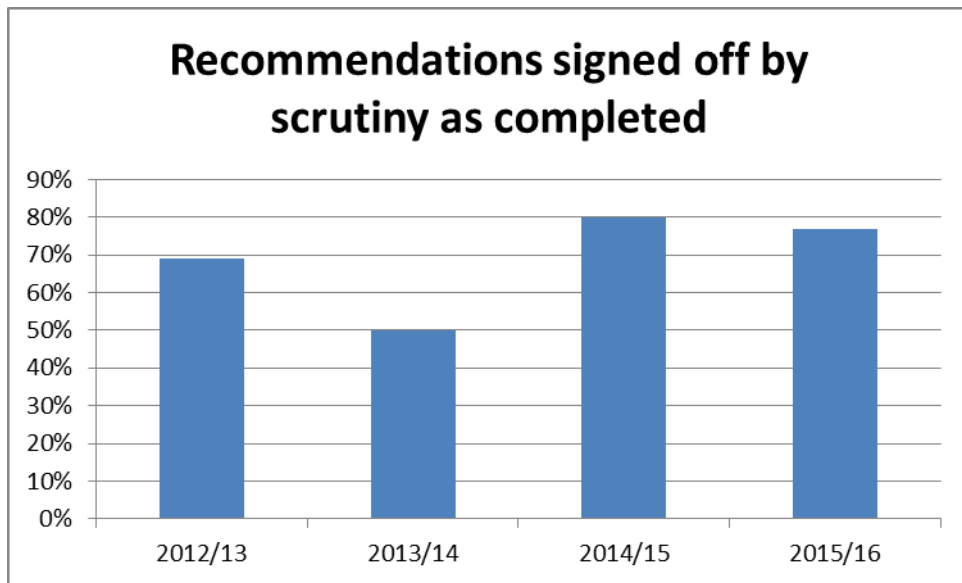
Comparison with previous years:



3.19 Recommendations signed off by scrutiny as completed = 77%

When follow up reports are presented to scrutiny they detail which of the recommendations from the in depth inquiry have been completed in line with the cabinet member's action plan and which have not. Scrutiny councillors then consider whether they agree with the assessment taking into account the evidence they are presented with. This indicator represents the percentage of recommendations accepted by scrutiny as being completed for the year (62 recommendations were considered of which 48 were signed off as complete).

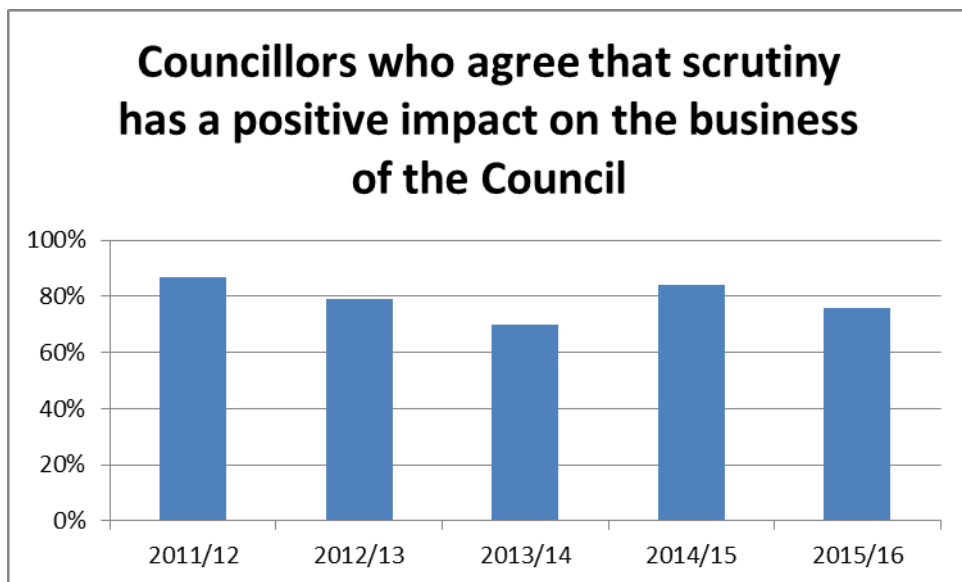
Comparison with previous years:



3.20 Councillors who agree that scrutiny has a positive impact on the business of the Council = 76%

As part of an annual survey, councillors are asked whether they believe that scrutiny has made a difference. The numbers of councillors who responded to the survey was 42 (58% of all councillors).

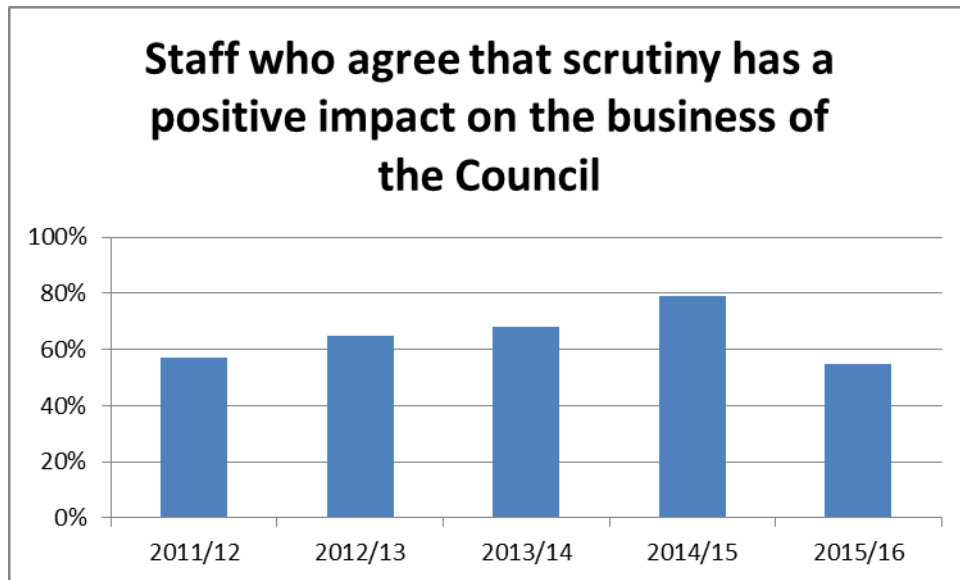
Comparison with previous years:



3.21 Staff who agree that scrutiny has a positive impact on the business of the Council = 55%

As part of an annual survey, staff and partners are asked whether they believe that scrutiny has made a difference. The number of people answering this question was 83.

Comparison with previous years:



3.22 Councillors who agree that the Scrutiny Work Programme balances community concerns against issues of strategic risk and importance = 74%

It is important that the Scrutiny Work Programme strikes a balance between community concerns and strategic issues. As part of the annual survey, councillors are asked whether they believe that the Scrutiny Work Programme balances community concerns against issues of strategic risk and importance. This is a new indicator for 2015/16.

3.23 Staff who agree that the Scrutiny Work Programme balances community concerns against issues of strategic risk and importance = 60%

It is important that the Scrutiny Work Programme strikes a balance between community concerns and strategic issues. As part of the annual survey, staff and partners are asked whether they believe that the Scrutiny Work Programme balances community concerns against issues of strategic risk and importance. Only those staff and partners who had been involved with the work of scrutiny within the last 12 months answered this question. 22 staff and partners answered this question. This is a new indicator for 2015/16.

4. Feedback and Improvement

4.1 Quotes about Scrutiny in Swansea

Councillor May Jones, Chair of the Scrutiny Programme Committee



“The single committee system has become a normal part of how we do things and continues to attract interest from other Councils. Our flexible approach has allowed councillors to follow their own interests but also to focus on topics that matter to the public. At a time when scrutiny faces more and more demands it is vital that we have a system that makes the best use of the resources we have.

I believe strongly that an important role of scrutiny is to hold Cabinet members to account. For this reason we have taken the time to engage fully with all 10 of the Council’s Cabinet Members in a fair and balanced way. Each has taken the time to provide us with information in advance and each has been extremely constructive in the individual question and answer sessions.

As well as chairing the Committee I have been able to lead work on child and adolescent mental health and Swansea Local Service Board (now Swansea Public Services Board).

Councillor Robert Smith, Vice Chair of the Scrutiny Programme Committee



“For me the strength of our scrutiny system is its flexibility to deal with different topics in different ways. As Vice Chair of the Committee I have been leading a piece of work on our provision of sites for Gypsies and Travellers and this has required the formal setting of the committee. I have also signed up for the Schools Performance Panel and working groups on tethered horses and civic events. These meetings have the option to be less formal and issues can be dealt with quickly – there is no need to apply a one size fits all approach.

Councillor Rob Stewart, Leader of the City and County of Swansea



“The scrutiny set up we have in Swansea makes an essential contribution to the work of the Council. We know from inspections that the system is effective and that the challenge that backbench councillors provide to Cabinet is robust. I believe I can speak for all of my colleagues in that Cabinet when I say that we are regularly held to account for our performance and made aware of issues of concern by scrutiny. As Leader I have been particularly concerned to ensure that backbench councillors are able to play a full part in council

business and our flexible model of scrutiny has played its part in helping this to happen.

Councillor Clive Lloyd, Cabinet Member for Transformation and Performance



“As the Cabinet Member responsible for councillor support and development I believe the way that scrutiny operates is a real positive for back benchers. I know the in depth inquiry work in particular has helped councillors to get a real grip on the issues in a particular area and do some really good work as a result. As well as hearing positive reports from colleagues I know the system is working well because we have received enquiries from a number of other councils who are interested in how we do things.

Catherine M. Farrell, Professor of Public Management, University of South Wales



“Over the last year, I have participated as a co-opted member of a scrutiny inquiry panel which focused on the authority's improvement of the governance of schools.

It is the strength of the evidence base which has impacted on the quality of the report which is sector leading in a number of respects including the inclusion and involvement of a range of stakeholders.

The report has been distributed widely and is of particular application in the governance of schools. It also has huge relevance in other areas of governance both within and outside local authorities.

Dave Anderson Thomas, Parent Governor Co-optee, Scrutiny Programme Committee



“The members of the scrutiny panel and officers from the authority gave me their full support and guidance from day one. It was the first time I had been involved in the workings of local government and in particular, the challenges of working with various political agendas and the etiquette of formal council meetings. I would recommend getting involved with Scrutiny to Swansea residents who want to make a difference and influence their family's future.

Alan Thomas, (Lay) Chair of Audit Committee



“I have been working closely with scrutiny over the last 12 months to ensure that we are fully aware of each other's forward programme - this ensures that there is no overlap or gaps and that we are clear as to our respective roles. I have attended the Scrutiny Committee and the Chair of Scrutiny has attended my Committee. I was also pleased to be able to participate in the Annual Scrutiny Work Planning Conference.

From an Audit Committee perspective I have no concerns about duplication in work plans. I would also point to the significant amount of scrutiny being undertaken and work completed. I wish to praise the commitment of those scrutiny councillors involved and the management of the overall work programme.

The Care and Social Services Inspectorate Wales



The most recent **inspection report** that looked at scrutiny was by the Care and Social Services Inspectorate Wales. In October 2015 they reported that Swansea's Scrutiny arrangements were '*effective and well managed*'. Also that:

"CSSIW have attended scrutiny sessions where performance information has been presented and have witnessed the robustness of the challenge given from elected members.

CSSIW attended a number of performance panel meetings for both adult and children's services during the year. Information about the scrutiny activity has been improved with the publication of "Scrutiny Despatches" with access to recent reports and inquiry panel findings. Social media is also being used to improve access to this activity and to evidence work achieved.

The Wales Audit Office



In June 2015 the Wales Audit Office published their **corporate assessment** of Swansea Council. They concluded that: '*The Council's scrutiny structure enables a flexible and focussed approach and access to information about scrutiny activity has improved in recent months*'. Furthermore:

"In recent months the Council has been taking steps to improve access to the information about its scrutiny work. Scrutiny Dispatches are being published explaining current inquiries and a Scrutiny Reports Library provides better access to the reports produced by inquiry panels. Social media is also being used to raise awareness of scrutiny activity.

4.2 Improving Scrutiny

In our last annual report we identified six improvement outcomes; things that we wanted to be better at. Over the course of the year we have discussed these outcomes at the committee and in panel meetings. Below is a summary of some of the things that we have done as a result and some things that we still want to do.

1. **We need to talk more to cabinet members so that we can plan better and ensure that our work is making a difference**

What we have done

- The Chair of the Scrutiny Programme Committee has established a regular informal meeting with the Cabinet Member for Transformation and Performance to discuss cabinet business and the interface with scrutiny.
- The conveners for the Schools, Child and Family Services and Transforming Adult Social Services Panels have consulted the relevant Cabinet Members about their work programmes.
- The Cabinet Member has been involved in developing the plan for the Building Sustainable Communities inquiry.
- The Convener of the Service Improvement & Finance Panel has met with the Cabinet Member to agree the pre-decision scrutiny of commissioning review cabinet reports
- Suggestions from Cabinet Member letters have been considered and some added to the work plans by the Child and Family Services and Transforming Adult Social Services Panels

What we still want to do

- More involvement of Cabinet members in early stages of inquiry to support planning (ie: at pre inquiry working group) to improve impact
- More regular meetings between performance panel conveners and relevant Cabinet members to improve work plans

2. **We need to align the work of scrutiny more closely to the five corporate priorities so that we can focus and impact on the things that matter.**

What we have done

- The Committee has established new Inquiry Panels on Building Sustainable Communities and Tackling Poverty – these are both corporate priorities.
- The Schools Performance Panel has discussed the corporate priorities that relate to Schools Performance and detail them at the beginning of each agenda.
- Corporate Priorities were considered by the Service Improvement & Finance Panel as part of their work plan discussions for 2016/17.
- The terms of reference for the Child and Family Services Panel were aligned with the priorities in the corporate plan – specifically safeguarding vulnerable people.

What we still want to do

- Improve visibility of the corporate priorities on Panel agendas and work plans.
- Review the corporate priorities when planning in depth inquiries.

3. We need more briefings and development sessions so that we have the knowledge and skills we need

What we have done

- The committee has discussed training and identified a need for sessions on; the Council budget and financial scrutiny; scrutiny questioning skills; and effective scrutiny.
- Scrutiny training needs will be met through the Councils training and development programme.
- Scrutiny Councillors received training during the year on Children's Rights and the Scrutiny of Community Services (provided by the Older People's Commissioner for Wales)
- The Schools Performance Panel have received briefings on topics as part of regular meetings.

What we still want to do

- Hold extra briefing session where needed to improve the knowledge of Committee and Panel members.
- Prepare an induction programme for scrutiny councillors following the elections in 2017.

4. We need more coverage in the media so that the public are more aware of our work

What we have done

- The 'Scrutiny Dispatches' quarterly report is written in a more newsworthy style, and with assistance from the Communications Team press releases have been developed for media coverage.
- Press releases have been posted on the Swansea Scrutiny Bulletin Board and shared via twitter
- Media coverage for a range of scrutiny work including; music service item, inward investment, education inclusion, building sustainable communities, waste management, tackling poverty, budget scrutiny, grand theatre and child and adolescent mental health services.

What we still want to do

- More press releases to be issued and published via the Scrutiny Bulletin Board for key agenda items e.g. budget scrutiny and when reports are being published
- Better monitoring of media coverage and feedback to councillors

5. We need more members of the public contributing to scrutiny meetings so that we can reflect their views in our work

What we have done

- The Committee's agenda now includes a public question time
- Invited questions for the Committee's Cabinet Member Q&A sessions and requests for scrutiny
- 25 meetings (22%) had members of the public attending – there were a total of 143 attendances by members of the public in total
- 29 meetings (33%) considered public contributions either through questions or evidence (e.g. surveys)
- A total of 29 members of the public attended six meetings of the Child and Adolescent Mental Health Services Panel and were given the opportunity to participate in 4 of the meetings.

What we still want to do

- Continue to develop ways of involving the public in scrutiny

6. We need closer links with regulators and inspectors so that we can provide a more coordinated and effective challenge

What we have done

- The Schools performance Panel met with a representative from Audit Committee
- Estyn gave evidence to the School Governance Scrutiny Inquiry
- The Schools Panel have made connections with Estyn via email contact and send them copies of agendas
- Estyn have attended the Schools Panel to observe.
- Service Improvement and Finance Panel receive the Wales Audit Office Annual Report each year and use it to identify any areas of concern that may benefit from scrutiny involvement.
- The Child & Family Services Panel have developed a relationship with the lead CSSIW inspector and provided work plans and letters

What we still want to do

- Further discussions with Wales Audit Office to develop links between our work plans, improve mutual awareness and make use of audit and scrutiny findings

4.3 Additional Areas for Improvement

As well as the six improvement outcomes above, the Committee also identified the following issues as part of their end of year review:

- While 79% of back bench councillors were involved in scrutiny last year, there is scope for greater councillor participation
- Pre decision scrutiny is being used more but the process could be improved to ensure that Cabinet can respond properly to the views of scrutiny councillors

These issues will be considered by the committee over the coming months.



Certification of Grants and Returns 2015-16 – City & County of Swansea

Audit year: 2016

Date issued: March 2017

Purpose of this document

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised Geraint Norman, David Williams, Leanne Malough, Jonathan Mather, Lucy Herman, Michelle Davies, Andrea Williams and Olivia Hodgson.

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Summary

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to assess whether the Council has adequate arrangements to ensure the production of co-ordinated, accurate, timely and properly documented grant claims.
- 3 We have completed the audit and conclude that while the Council has generally adequate arrangements in place for the production and submission of its 2015-16 grant claims, there is scope for improvement. We are continuing to work with the Council to make these improvements for 2016-17. Our conclusion for 2015-16 is based on the following overall findings:
- the Council worked closely with us to ensure that an accurate and up-to-date schedule of 2015-16 grants was in place throughout the year; and
 - there is scope to improve the Council's arrangements for submitting its grant claims for audit.
- 4 For 2015-16, we certified 17 grant claims, with a total value of £295,761,884 - this was five claims less than in 2014-15 (£352,447,239).
- 5 In accordance with a new understanding between the Welsh Government and the Wales Audit Office, auditors working under certification arrangements made by the Auditor General for Wales are only required to seek claim adjustments or issue qualification letters when the collective value of the matters arising is likely to be £10,000 or more.
- 6 The Council submitted 53 per cent of its 2015-16 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of some £76,000. Overall, our 2015-16 audits resulted in a reduction of £693 being claimable by the Council.
- 7 One in four of the Council's claims were qualified; which is in line with the Welsh average for 2015-16.

Headlines

Introduction and background

This report summarises the results of work on the certification of the Council's 2015-16 grant claims and returns

- As appointed auditors of the Council, we are asked on behalf of the Auditor General, to certify grant claims made by the Council.
- For 2015-16, we certified 17 grants and returns with a total value of £295,761,884.
- At the start of our grant audit work for 2015-16, we met with the grant co-ordinator and key financial officers (having the responsibility of grant claim preparation) and agreed our proposed approach for completion of this work.
- We subsequently agreed a **Joint Working Protocol**, which will be formally implemented in 2016-17 alongside a comprehensive **Good Practice Grant Checklist**, which we have provided to be included on each grant claim file. The **Grant Checklist** highlights the key areas we will be reviewing whilst performing grant auditor certification.
- We held regular meetings with the Grants Coordinator and agreed the timetable of grant audit work to be performed, who informed the key officers involved in grant claim preparation. The Grants Coordinator left the Council's employment in June 2016. We subsequently worked with key financial officers to ensure that an accurate and up to date schedule of grants and returns was in place.
- We held a post project learning session with key financial officers to review the processes followed in 2015-16 and to improve arrangements for 2016-17.
- We have produced this report so that we can provide feedback to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.

Timely receipt of claims

Almost half of the Council's grants were submitted late for audit

- Our analysis shows that 53 per cent of grants received during the year were received by the Council's deadline. However, whilst the Council submitted 47 per cent (8) of its claims late for audit, most of the claims had only minimal delays. We can confirm that none of the delays caused audit adjustments to the claims.

	<ul style="list-style-type: none"> In future, the grant co-ordinator should ensure that all grant claims are submitted by the deadlines and, importantly, that replies to audit queries are typically provided within no more than two working days. We acknowledge that audit queries that relate to third parties' expenditure are likely to sometimes take longer to address. Nevertheless, it is imperative that queries are answered in a timely manner in order for the auditor certification deadline to be met.
Certification results	<p>We issued unqualified certificates for 13 grants and returns but qualifications were necessary in 4 cases (24 per cent)</p> <ul style="list-style-type: none"> The reasons for qualifying the 2015-16 grants can be grouped into issues which have been reported in previous financial years: <ul style="list-style-type: none"> Qualification issues reported as reported in previous financial years: <ul style="list-style-type: none"> claims not prepared correctly; apportionment rates not supported by robust evidence; and ineligible expenditure included within claim. Qualification issues reported for the first time in 2015-16 <ul style="list-style-type: none"> payments not authorised in accordance with the Council's financial procedures; and procurement issues due to non-compliance with the Council's contract procedures.
Audit adjustments	<p>Adjustments were necessary to one of the Council's grants as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> there were no significant adjustment (i.e., over £10,000); and the net adjustment of the one grant is a reduction of £695 in funds payable to the Council.
The Authority's arrangements	<p>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work but improvements are required in some areas</p> <ul style="list-style-type: none"> the Council should consider if training is required for those officers having responsibility within their departments for letting contracts (however small) to ensure that they are aware of the correct procedures to be followed;

	<ul style="list-style-type: none">• extra procedures should be put in place to ensure that individual grant scheme rules are adhered to throughout the Council; and• the Council should put in place systems and controls to ensure that where grant is passed to a third party to spend, that the organisation is complying with grant scheme rules by keeping adequate records of expenditure.
Fees	<ul style="list-style-type: none">• Our overall fee for certification of grants and returns for 2015-16 is some £76,000, which was well within our original estimate of £100,000. The lower fee reflects the reduction in the number of grants requiring certification.

Summary of certification work outcomes

- 8 Detailed on the following page is a summary of the key outcomes from our certification work on the Council's 2015-16 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 9 In accordance with a new understanding between the Welsh Government and the Wales Audit Office, auditors working under certification arrangements made by the Auditor General for Wales are only required to seek claim adjustments or issue qualification letters when the collective value of the matters arising is likely to be £10,000 or more.
- 10 A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

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Key information for 2015-16

Overall, we certified 17 grants and returns:

12 were unqualified with no amendment

1 was unqualified but required some amendment to the final figures

4 required a qualification to our audit certificate, no amendment was made to the final claim

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	BEN01 Housing Benefit Subsidy	30.04.16	28.04.16	No			(£695)	
2	EDU18 Transitional SBIG T3 and 21 st Century Schools	30.09.16	30.09.16	No				
3	EYC01 Flying Start	30.09.16	13.10.16	Yes				
4	EYC02 Flying Start Capital	30.09.16	30.09.16	No				
5	EYC14 Families First	30.09.16	13.10.16	Yes				
6	HLG01 Section 33 NHS (Wales) Act 2006 Pooled Budgets	29.04.16	12.10.16	Yes				
7	LA01 NDR Non-Domestic Rates Return	27.05.16	11.05.16	No				
8	PEN05 Teacher' Pension Return	27.05.16	11.05.16	No				
9	RG03 Communities First – West Swansea	31.07.16	30.11.16	Yes				
10	RG03 Communities First – East Swansea	31.07.16	30.11.16	Yes				
11	RG03 Communities First – South Swansea	31.07.16	30.11.16	Yes				
12	RG03 Communities First – North East Swansea	31.07.16	30.11.16	Yes				
13	RG03 Communities First – North West Swansea	31.07.16	30.11.16	Yes				

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
14	SOC07 Social Care workforce development programme	23.09.16	22.09.16	No				
15	TRA15 Local Transport Grant	30.09.16	30.09.16	No				
16	TRA23 Free Concessionary Travel	30.09.16	30.09.16	No				
17	TRA27 Bus Services Support Grant	28.02.17	23.01.17	No				
	Total						(£695)	

11 This table summarises the key issues behind each of the adjustments, qualifications or issues that were identified.

Ref	Summary observations	Amendment
1	<p>BEN01 Housing Benefit Subsidy</p> <ul style="list-style-type: none"> A number of minor amendments were identified during the course of our certification of this claim arising from the processing of manual adjustments. We identified these in detail in the CF2 Certificate accompanying the certified claim. (Recommendation 3) 	£(695)
2	<p>EYC02 Flying Start Capital (Qualification Letter)</p> <ul style="list-style-type: none"> Payments were not always authorised in accordance with the Council's Financial Regulations. We tested twelve transactions totalling £271,238, which represented 58% of the total expenditure of £464,655. One transaction of £51,778 was authorised by an Officer outside of their delegated signatory limit of £50,000. The expenditure was subsequently paid. In our opinion this was an isolated case. (Recommendation 6) Two separate contracts totalling £63,884.10 were awarded in year without following the Council's contract procedure rules. <p>The first contract (£14,936) was awarded to a company called 'TAD Builders Ltd' for the upgrading of the play area at Parklands Primary School. Quotations were not obtained from appropriate suppliers registered on the National Procurement website (Sell2Wales). There was no formal consultation or agreement with the Strategic Procurement Manager to follow an alternative procurement route. In addition a Contract Award Report was not produced and there was no evidence of a signed contract being in place for this work</p> <p>The second contract (£48,947.63) was awarded to a company called 'J Randall Roofing Contractors Ltd' for the fitting of a replacement roof at Seaview Flying Start. The Strategic Procurement Manager was not notified in advance of the proposed tender process as required by contract procurement rule 4.2. The requirements for this work was not advertised on the Sell2Wales website and again there was no formal consultation or agreement with the Strategic Procurement Manager to follow an alternative procurement route. In addition, a Contract Award Report was not produced and there was no evidence of a signed contract being in place for this work. The Council's standard terms and conditions for 'the supply of goods or services and/or</p>	-

Ref	Summary observations	Amendment
	<p>contracts for works' were not included within the invitation to tender documents prepared for this work. The Head of Legal, Democratic Services and Procurement is required to maintain a register of all contracts entered into >£25,000. This contract was not entered on to the register. (Recommendation 2) (Recommendation 4)</p>	
3	<p>HLG01 Section 33 NHS (Wales) Act 2006 Pooled Budgets (Qualification Letter)</p> <ul style="list-style-type: none"> • Partnership Agreement – the original partnership agreement between Abertawe Bro Morgannwg University LHB and Neath Port Talbot CBC and the Council expired on 31 March 2015. An extension to this agreement was communicated to the partnership bodies in July 2015 but this agreement was not formally signed by all bodies until August 2016. This had no impact on the delivery of services and all bodies continued to contribute towards the fund. However, the extension to the agreement should have been formally agreed and ratified prior to the end of the original agreement. (Recommendation 2) • Apportionment of staff costs – the staff costs for a number of employees are paid directly out of the pooled fund. We identified that the method used to apportion these costs is not formally documented. The apportionment of these costs is based on management judgement and is not supported by timesheets or contract documentation. We recommend that the methodology used to calculate apportionments is formally documented and supported by appropriate evidence. (Recommendation 4) • Review of the Equipment Catalogue – approximately 90% of all equipment purchased through the Fund relates to standard (i.e. catalogue) stock. The catalogue has not been subject to systematic review for some time. As a result, the service cannot demonstrate that the products purchased from the catalogue are competitively priced and provide value for money. As a result, I am uncertain as to whether the Council obtained value for money. (Recommendation 1) 	-
4	<p>LA01 NDR Non-Domestic Rates Return (Certification Note)</p> <ul style="list-style-type: none"> • Entries in line 25 'Losses in Collection' had been calculated correctly. However, the percentages applied within each sub category of the bad debt provision had not been revised for a number of 	-

Ref	Summary observations	Amendment
	years. We recommend that the Council review these percentages to ensure that they remain valid. (Recommendation 4)	
5	<p>RG03 Communities First – West Swansea (Certification Note)</p> <ul style="list-style-type: none"> • In agreeing Youth Service expenditure to the ledger, we identified an imbalance of £456.63 where the associated expenditure on the West Cluster Return was higher than that shown on the Council's ledger. (Recommendation 3) • Whilst we did not identify any issues with specific third party transactions, we did identify a lack of evidence to support the controls over third party expenditure. Monitoring visits are not formally documented; no information was available to confirm when visits had taken place, who had undertaken the visit, what had been inspected and what issues (if any) had been identified because of the visit. (Recommendation 4) (Recommendation 5) • We tested the apportionment of Management Charges across each Communities First cluster. We identified that the Finance element of these charges is based upon historic information, which is not supported by appropriate audit evidence. (Recommendation 4) 	-
6	<p>RG03 Communities First – East Swansea (Certification Note)</p> <ul style="list-style-type: none"> • Whilst we did not identify any issues with specific third party transactions, we did identify a lack of evidence to support the controls over third party expenditure. Monitoring visits are not formally documented; no information was available to confirm when visits had taken place, who had undertaken the visit, what had been inspected and what issues (if any) had been identified because of the visit. (Recommendation 4) (Recommendation 5) • We tested the apportionment of Management Charges across each Communities First cluster. We identified that the Finance element of these charges is based upon historic information, which is not supported by appropriate audit evidence. (Recommendation 4) 	-
7	<p>RG03 Communities First – South Swansea (Certification Note)</p> <ul style="list-style-type: none"> • Whilst we did not identify any issues with specific third party transactions, we did identify a lack of 	-

Ref	Summary observations	Amendment
	<p>evidence to support the controls over third party expenditure. Monitoring visits are not formally documented; no information was available to confirm when visits had taken place, who had undertaken the visit, what had been inspected and what issues (if any) had been identified because of the visit. (Recommendation 4) (Recommendation 5)</p> <ul style="list-style-type: none"> We tested the apportionment of Management Charges across each Communities First cluster. We identified that the Finance element of these charges is based upon historic information, which is not supported by appropriate audit evidence. (Recommendation 4) 	
8	<p>RG03 Communities First – North East Swansea (Certification Note)</p> <ul style="list-style-type: none"> Whilst we did not identify any issues with specific third party transactions, we did identify a lack of evidence to support the controls over third party expenditure. Monitoring visits are not formally documented; no information was available to confirm when visits had taken place, who had undertaken the visit, what had been inspected and what issues (if any) had been identified because of the visit. (Recommendation 4) (Recommendation 5) We tested the apportionment of Management Charges across each Communities First cluster. We identified that the Finance element of these charges is based upon historic information, which is not supported by appropriate audit evidence. (Recommendation 4) 	-
9	<p>RG03 Communities First – North West Swansea (Certification Note)</p> <ul style="list-style-type: none"> Whilst we did not identify any issues with specific third party transactions, we did identify a lack of evidence to support the controls over third party expenditure. Monitoring visits are not formally documented; no information was available to confirm when visits had taken place, who had undertaken the visit, what had been inspected and what issues (if any) had been identified because of the visit. (Recommendation 4) (Recommendation 5) We tested the apportionment of Management Charges across each Communities First cluster. We identified that the Finance element of these charges is based upon historic information, which is not supported by appropriate audit evidence. (Recommendation 4) 	-

Ref	Summary observations	Amendment
10	<p>SOC07 Social Care Workforce Development Programme (Qualification Letter)</p> <ul style="list-style-type: none"> • The claim included £22,915 of expenditure incurred outside of the claim period. We tested 27 transactions to confirm eligibility of expenditure and to confirm that the expenditure related to goods and services that occurred within the claim period. Two transactions were identified (£18,540) relating to training courses outside of the claim period. As a result we extended our testing to include a further 12 transactions. Two more transactions were identified (£785) as relating to training courses outside of the claim period. In addition, for a further two transactions (£3,590) the Council could not provide the date of the training course. (Recommendation 1) • For some transactions there was no evidence to demonstrate compliance with the Council's contract procedure rules. We tested 15 transactions to confirm adherence to the Council's contract procedure rules. For two transactions, (£16,772.64) the CPR20 form (which gives authorisation to follow a single tender process had not been signed by the Strategic Procurement Officer. For one transaction, (£8400) the Council was unable to provide evidence to support to confirm four quotations had been obtained or a single tender process had been approved. (Recommendation 2) (Recommendation 4) 	-
11	<p>TRA15 Local Transport Grant – Qualification Letter</p> <ul style="list-style-type: none"> • The claim included £23,247.84 of expenditure incurred outside of the claim period. We tested eight transactions to confirm eligibility of expenditure and to confirm that the expenditure related to goods and services that occurred within the claim period. Three transactions related to the recharge of staffing costs from another council. These costs should not have been included as eligible grant expenditure in the 2015-16 financial year as the expenditure relates 2016-17. This was an isolated error as a result we did not extended our sample. (Recommendation 1) 	-
12	<p>TRA23 Free Concessionary Travel (Certification Letter)</p> <ul style="list-style-type: none"> • In agreeing the claim, form back to the quarterly claims we identified an imbalance of £535.32 where the quarterly claims and Quarter 0 payment exceeded the year-end claim form. 	-

Ref	Summary observations	Amendment
	<p>(Recommendation 3)</p> <ul style="list-style-type: none"> In agreeing expenditure to the ledger, we identified an imbalance of £57.21 where the associated expenditure to the Bus Operator Payments as per the year-end claim form was less than that shown on the Council's ledger. (Recommendation 3) 	
13	<p>TRA27 Bus Services Support Grant 2014-15 and 2015-16 (Certification Letter)</p> <ul style="list-style-type: none"> In agreeing the claim form to the quarterly claims, we identified an imbalance of £7,528.07 where the quarterly claims and Quarter 0 payment exceeded the year-end claim form. This has been corrected in 2016-17. (Recommendation 3) There is an on-going pattern of late submission of Operators claims to the Council despite requests for information to be provided promptly. Despite the late receipt of this information, our testing of a sample of year-end invoice expenditure charged in the last month of the statement period provided assurance that prepayments and payments in advance to suppliers/contractors/other third parties had been accounted for correctly. (Recommendation 5) 	-
	Total effect of amendments to the Council	£(695)

Recommendations

12 We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority 1	Priority 2	Priority 3
<p>Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Issue	Recommendation	Priority	Comment	Responsible officer and target date
Unapproved/ ineligible expenditure included	R1 Only eligible expenditure, and that incurred within the claim period, should be included within the claim. The Welsh Government advice should be sought prior to claim completion if in any doubt of the eligibility of expenditure.	1	Agreed	Nominated Officers by 31/12/17

Issue	Recommendation	Priority	Comment	Responsible officer and target date
Contracts not awarded in accordance with procurement procedures	R2 We understand that work is underway to resolve instances where there are current contracts in operation which were not let in accordance with standing orders or tendering procedures; however, we would recommend that the Council should consider if training is required for those officers having responsibility within their departments for letting contracts (however small) to ensure that they are aware of the correct procedures to be followed.	1	The Council has considered this matter and the relevant officers will be provided with the necessary training, user guides and documentation to ensure they comply with contract procedures and this has been discussed and agreed with the relevant department(s). Furthermore, a link has been made to the Council's External Funding Panel to enable the identification of other / future recipients of this training support.	Procurement by 31/12/17
Claim not prepared correctly	R3 In order to confirm that claims forms are completed in accordance with the guidance, all completed forms should be independently checked to supporting documentation to minimise the risk that an error will remain undetected.	2	Grant claiming departments retain responsibility for completeness and accuracy of claim. They shall be advised of the requirement to undertake an independent check. This shall be reinforced in the grant manual	Nominated Officers by 31/12/17

Issue	Recommendation	Priority	Comment	Responsible officer and target date
Lack of supporting evidence to support the claim	R4 The Council should put in place systems and controls to ensure that the claim is totally supported by source documentation such as ledger prints/invoices/calculation of apportionments.	2	Grant claiming departments shall be reminded of their responsibility to ensure appropriate supporting documentation is provided. This shall be reinforced in the grant manual	Nominated Officers by 31/12/17
Lack of monitoring of third parties	R5 The Council needs to ensure that it has adequate procedures in place to satisfy itself, its auditor and the grant-paying body that only eligible expenditure incurred by third parties is included in the claim. Such procedures may include obtaining independently certified statements from third parties, a payment monitoring system, a payment monitoring system or a system of spot checks performed by the Council on the third party.	2	An appropriate procedure shall be considered for implementation	Nominated Officers by 31/12/17

Issue	Recommendation	Priority	Comment	Responsible officer and target date
Non-compliance with Financial Regulations	R6 The Council needs to ensure up to date signatory lists are in place across the Council.	2	There is a rolling programme for departments to update their authorised signatory listings noting the fluid status of the workforce	Nominated Officers by 31/12/17
Deadlines not met	R7 Claim forms should be submitted on a timely basis to allow claims to be certified within the deadline set.	2	Agreed	Nominated Officers by 31/12/17

Fees

13 Our overall fee for the certification of grants and returns is in line with the expectation as stated within the regulatory plans.

Breakdown of fee by grant/return	2015-16	2014-15
BEN01 Housing Benefit Subsidy	£22,768	£26,261
EDU18 Transitional SBIG T3 and 21 st Century Schools	£4,238	£3,088
EYC01 Flying Start	£5,163	£2,189
EYC02 Flying Start Capital	£3,714	£3,032
EYC14 Families First	£2,909	£3,595
HLG01 Section 33 NHS (Wales) Act 2006 Pooled Budgets	£1,831	£2,470
LA01 NDR Non-Domestic Rates Return	£4,761	£4,312
PEN05 Teacher' Pension Return	£2,335	£2,606
RG03 Communities First – West	£2,389	£2,366
RG03 Communities First - East	£2,389	£2,084
RG03 Communities First – South	£2,390	£2,366
RG03 Communities First – North East Swansea	£2,390	£2,178
RG03 Communities First – North West Swansea	£2,390	£2,178
SOC07 Social Care Workforce Development Programme	£2,614	£2,442

Breakdown of fee by grant/return	2015-16	2014-15
TRA15 Local Transport Grant	£2,744	£2,630
TRA23 Free Concessionary Travel	£2,379	£3,192
TRA 27 Bus Services Support Grant	£2,120	-
HRA Subsidy	-	£3,935
Swansea Land Development Joint Venture	-	£3,220
Sustainable Waste Management	-	£3,632
Structural Funds: Felindre	-	£2,830
Structural Funds: Waterfront City	-	£2,428
Swansea Joint Venture – Felindre	-	£4,377
Grant Planning, supervision and review	£6,073*	-
Total fee	£75,597	£87,411

*estimate

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Auditor General for Wales

2017 Audit Plan – City and County of Swansea

Audit year: 2016-17

Date issued: March 2017

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This document was produced by John Herniman, Steve Barry, Geraint Norman and David Williams.

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2017 Audit Plan

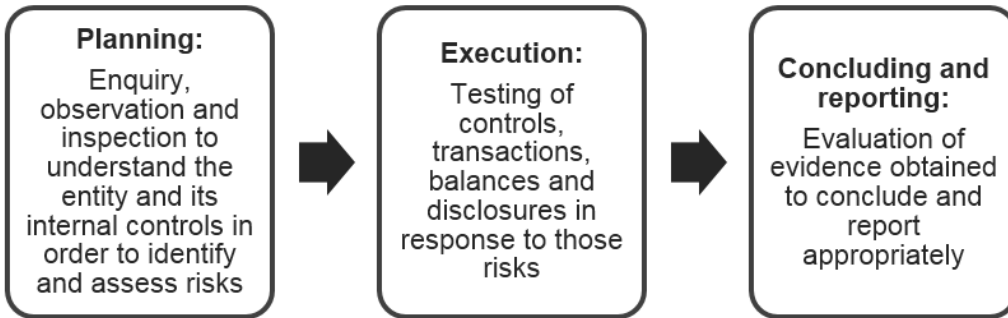
Summary

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

Audit of Financial Statements

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

Exhibit 1: my audit approach



8 The risks to my audit of your financial statements are set out in [Exhibit 2](#) along with the work I intend to undertake to address them.

Exhibit 2: financial statements risks

Financial statement risks	Proposed audit response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk in accordance with International Standards on Auditing (ISA) 240.	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; • evaluate the rationale for any significant transactions outside the normal course of business; and • incorporate an element of 'unpredictable audit work', which varies each year.
There is a risk of material misstatement due to fraud in revenue recognition and as such is treated as a significant risk in accordance with ISA 240.	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of a sample of journals processed to income and non-pay expenditure ledger codes during the year; • review the application of relevant accounting policies to ensure that they are in compliance with accounting standards; and • analyse the various income streams and perform substantive procedures on a sample basis to ensure that income has been appropriately accounted for in the correct period.

Financial statement risks	Proposed audit response
<p>The Council is required to ensure that for Property Plant and Equipment (PPE) and Investment Properties held on the balance sheet the carrying amount is not materially different from the fair value of these assets at the year-end.</p> <p>The valuation process and the underlying assumptions adopted are subject to a number of judgements and changes in approach in 2016-17.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • consider the appropriateness of the Council's proposed approach to the valuation of PPE and Investment Properties; and • test the valuation of such assets on a sample basis using internal valuation specialists as appropriate.
<p>The Council's 2015-16 financial statements included a number of material provisions. These provisions will again be required in 2016-17 and by their nature, they are uncertain and require a high degree of estimation. These include provisions for the future maintenance of land-fill sites and employee-related expenses.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information, including progress; and • review all material provisions to ensure that they are fairly stated.
<p>There are a number of risks relating to the preparation of the financial statements:</p> <ul style="list-style-type: none"> • risk of material misstatement arising from changes to CIPFA's Code of Practice on Local Authority Accounting in the presentation and restatement of prior-year information and a requirement to prepare the new 'Expenditure and Funding Analysis Statement'. • the Council has an interest in seven companies. There is a risk that the Council's share of assets and liabilities is not reflected in the financial statements in accordance with the requirements of accounting for groups. 	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the new reporting requirements and the restated Comprehensive Income and Expenditure Statement to ensure that they comply, in all material respects, with the CIPFA Code of Practice on Local Authority Accounting; • undertake a programme of audit testing to address risks identified as part of our planning work and review of the draft financial statements; and • review the accounting treatment and disclosure of group operations to ensure that they are accurately and appropriately reflected in the financial statements.
<p>The financial statements include a number of disclosures as being material by nature. These include the disclosure of Related Parties and the Remuneration note. There is a risk that exit packages paid by the Council do not fully comply with the requirements of CIPFA's code and the Council's polic, and are considered sensitive by nature.</p>	<p>My team will design detailed testing to obtain the required assurance that disclosures identified as material by nature have not been misstated.</p>

- 9 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the financial statements being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 10 For reporting purposes, I will treat any misstatements below a 'trivial' level (5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 11 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 12 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government, which provides information about the Council to support preparation of Whole of Government Financial statements.
- 13 I am also responsible for the audit of the City and County of Swansea's Pension Fund's financial statements. A separate Audit Plan and fee will be agreed for this work.
- 14 Finally, we are required to audit the financial statements of Swansea Bay Port Health Authority. A separate fee will be agreed for this work.

Certification of grant claims and returns

- 15 I have been requested to undertake certification work on the Council's grant claims and returns as set out in [Appendix 2](#). My audit fee for this work is set out in [Exhibit 7](#).
- 16 [Exhibit 3](#) summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2015-16.

Exhibit 3: overall issues relating to grant claim and return certification

Qualified grant claims and returns qualified in 2015-16

In 2015-16, we audited 13 claims and returns of which four were qualified. The key issues resulting in qualification were:

- the inclusion of expenditure which did not relate to the financial year being audited;
- non-compliance with the Council's Financial Regulations;
- non-compliance with the Council's standing orders for contracts;
- late extension of partnership agreements;
- lack of evidence to support the apportionment of staff costs; and
- lack of evidence to demonstrate value for money.

Effectiveness of grant co-ordination arrangements

Whilst the Council has improved its overall arrangements for the preparation and certification of claims and returns in recent years, there is still scope for further improvement. In particular the Council needs to ensure that:

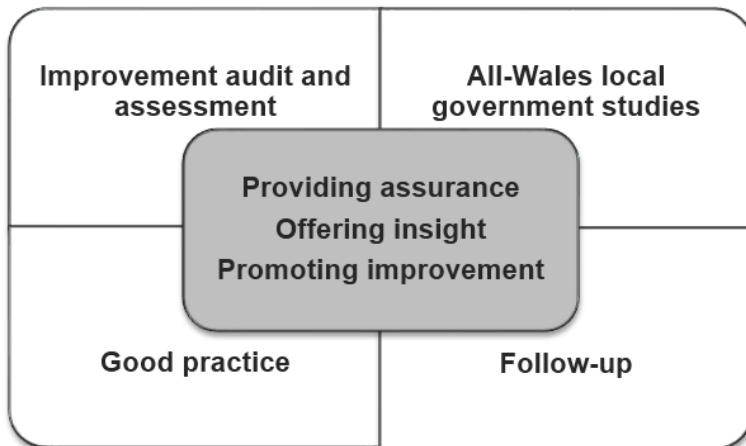
- grant checklists are completed to improve quality assurance arrangements;
- only eligible expenditure, including that incurred within the claim period, is included within the claim;
- standing orders are complied with including Contract Procedure Rules; and
- there is monitoring to give the Council, and grant-paying body sufficient assurance over expenditure made by third parties.

17 In addition to the overall issues identified above, I summarise the more significant issues I have identified relating to individual grant claims and returns in [Appendix 2](#).

Performance audit

18 The components of my performance audit work are shown in [Exhibit 4](#).

Exhibit 4: components of my performance audit work



- 19 Local government in Wales is going through an unprecedented period of change. Austerity continues to bite, audited bodies will be required to adopt the principle of sustainable development from April 2016, and local government reform remains under consideration.
- 20 For 2017-18 the Measure will still be in place, and I will still need to examine whether authorities will meet their duty to make arrangements for continuous improvement. The challenge for me in these uncertain times is to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments.
- 21 During 2016 I consulted with public service bodies on how I can best discharge my various duties whilst striking the most appropriate balance and adding value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 22 In addition to the annual programme of audit and assessment work, the Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. [Exhibit 5](#) summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

Exhibit 5: local government studies

Study	Status
2015-16 studies	
Community safety	Published October 2016
Income generation and charging	Published November 2016
Council funding of third-sector services	Published January 2017
2016-17 studies	
How local government manages demand	Fieldwork
Strategic commissioning	Fieldwork
Improving wellbeing through housing adaptations	Fieldwork

23 Taking all these factors into consideration, my 2017-18 programme of work will comprise:

Exhibit 6: performance audit programme

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit.	Audit of discharge of duty to publish an improvement plan, and to set improvement objectives.
Local risk based work for 2017-18 has yet to be agreed with the Council.	To be confirmed. We will provide an update to the Audit Committee once this work has been agreed.
Service User Perspective review	A user-focussed review. Specific area to be agreed with the Council.
Well-being of Future Generations (WFG) baseline assessment	The Year One Commentary: We will gather evidence on how the 44 bodies are beginning to respond to the requirements of the WFG Act and identify examples of notable emerging practice. The work will be designed to support improvement and inform future audit work under the Act.
WFG Scrutiny review	This review will examine the impact of the WFG Act on the work of scrutiny committees, including public service board (PSB) scrutiny, facilitating improvement and the sharing of good practice.
2017-18 Local Government Studies	Funded by the Welsh Government
Services to rural communities	To be confirmed

Performance audit programme	Brief description
Use of data	To be confirmed
Intermediate care fund	To be confirmed

- 24 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 3](#).

Fee, audit team and timetable

Fee

- 25 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2017 and my audit teams will continue to look for efficiencies in their audits and welcome working with you constructively on this.
- 26 Your estimated fee for 2017 is set out in [Exhibit 7](#). This figure represents a one per cent decrease compared to the fee set out in the 2016 Plan.

Exhibit 7: audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of financial statements ²	262,000	262,000
Performance audit work: ³	99,537	104,188
Grant certification work ⁴	80,000	80,000
Other financial audit work ⁵	1,600	1,600
Total fee	443,167	447,788

Notes:

- ¹ The fees shown in this document are exclusive of VAT, which is no longer charged.
- ² Payable November 2016 to October 2017.
- ³ Payable April 2017 to March 2018.
- ⁴ Payable as work is undertaken.
- ⁵ Independent examination of Swansea Bay Port Health Authority.

- 27 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no

changes without first discussing them with the Director of Resources and the Audit Committee.

- 28 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

- 29 The main members of my team, together with their contact details, are summarised in [Exhibit 8](#).

Exhibit 8: my team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Director and Engagement Lead – Financial Audit	02920 320500	john.herniman@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320599	huw.rees@audit.wales
Geraint Norman	Financial Audit Manager	07810 056683	geraint.norman@audit.wales
David Williams	Financial Audit Team Leader	07812 670234	david.williams@audit.wales
Steve Barry	Performance Audit Manager	07786 190210	steve.barry@audit.wales
Samantha Clements	Performance Audit Lead	07879 848672	samantha.clements@audit.wales

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

Timetable

- 31 I will provide reports, or other outputs as agreed, to the City and County of Swansea covering the areas of work identified in this document. My key milestones are set out in [Exhibit 9](#).

Exhibit 9: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	January to February 2017	March 2017
Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	March to September 2017	September 2017 September 2017 October 2017
Performance work: <ul style="list-style-type: none"> • Improvement Plan Audit • Assessment of Performance Audit • Service user perspective review • Local risk-based work 	March to April 2017 November 2017 To be confirmed To be confirmed	April 2017 November 2017 To be confirmed To be confirmed
Annual Improvement Report	April 2017 – May 2018	June 2018
2018 Audit Plan	January – February 2018	March 2018
WFG: baseline assessment	To be arranged	N/A
WFG: scrutiny review	To be arranged	N/A

* Subject to timely clearance of draft findings with the City and County of Swansea.

Future developments to my audit work

Well-being of Future Generations (Wales) Act 2015

32 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2015. The Act requires me to report before the next National Assembly election on how public bodies are acting in accordance with the sustainable development principle when setting their wellbeing objectives and taking steps to meet them. In 2017 I will conduct my first work under the Act – the Year One Commentary – to understand how bodies are beginning to respond to the requirements. I will also work collaboratively with a small number of public bodies, including the central government sector, to develop an audit approach that is meaningful and proportionate and can be adopted in subsequent years.

Other

- 33 Details of other future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 5](#).
- 34 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- the challenges posed by indirectly provided, publicly funded services in Wales;
 - how you manage risk around organisation change, service transformation and innovation; and
 - measuring outcomes: who's doing it and how (linked to the WFG Act).

Appendix 1

Respective responsibilities

Audit of financial statements

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

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

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

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

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

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

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

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

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

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

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

Performance audit

The Public Audit (Wales) Act 2004 requires auditors, by examination of the accounts or otherwise, to satisfy himself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

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

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

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

Appendix 2

Summary of grant claim certification work

Exhibit 10: summary of grant claim certification work

Name of scheme	Period of scheme	Total/annual expenditure	Significant issues identified in 2015-16
BEN01 Housing Benefits Subsidy	Ongoing	£89,957,722	None.
EDU18 Transitional SBIG T3 and 21st Century Schools	2009 – 2019	£5,573,235	None.
EYC01 Flying Start	2006 – 2017	£6,129,051	None.
EYC02 Flying Start Capital	2012 – 2017	£475,938	<ul style="list-style-type: none">• A sample of payments were not authorised in accordance with the Council's Financial Regulations.• Two separate contracts totalling £63,884 were awarded in the year without following the Council's contract procedure rules which is contrary to grant funding rules.
EYC14 Families First	2012 – 2017	£3,384,662	None.

Name of scheme	Period of scheme	Total/annual expenditure	Significant issues identified in 2015-16
HLG01 Section 33 NHS (Wales) Act 2006 Pooled Budgets	Ongoing	£2,051,425	<ul style="list-style-type: none"> The original partnership agreement between ABMULHB and NPTCBC expired on 31 March 2015 and was not formally extended until August 2016. The method used to apportion the staff costs of a number of employees paid directly from the Fund was not formally documented or supported by timesheets or contract documentation. Most equipment purchased through the Fund relates to standard (i.e. catalogue) stock. The catalogue had not been subject to review for some time. As a result the service could not demonstrate that products purchased from the catalogue provide value for money.
LA01 NDR Non-Domestic Rates Return	Ongoing	£92,192,518	None.
PEN05 Teachers' Pension Return	Ongoing	£73,662,452	None.
RG03 Communities First	Ongoing	£2,699,237	None.
SOC07 Social care workforce development programme	Ongoing	£539,011	<ul style="list-style-type: none"> The claim included expenditure of £22,915 which related to expenditure incurred outside of the claim period. For some transactions there was no evidence to demonstrate compliance with the Council's contract procedure rules.

Name of scheme	Period of scheme	Total/annual expenditure	Significant issues identified in 2015-16
TRA15 Local Transport Grant	Ongoing from April 2014	£2,318,000	The claim included expenditure of £23,248, which related to expenditure incurred outside of the claim period.
TRA23 Free Concessionary Travel	Ongoing	£6,505,462	None.
TRA27 Bus Services Support Grant	2014/15 and 2015/16	£10,273,172	None.

Appendix 3

Performance work in last year's audit outline still in progress

Exhibit 11: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
Financial Resilience	Final report due to be issued March 2017.	Councils are continuing to deal with austerity and an uncertain future. This review will seek to provide assurance that arrangements are focussed on maintaining resilience over the medium to long term.
Governance	Draft report due to be issued March 2017.	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.
Aligning the levers for change	Scoping.	Researching the Council's response to challenges facing local government.
Annual Improvement Report (AIR)	Scheduled for June 2017	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'.

Appendix 4

National value-for-money studies

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

Exhibit 12 covers all of the value-for-money studies work currently programmed.

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

I am also currently consulting with the Public Financial statements Committee and other stakeholders about the inclusion in my programme of a number of new value-for-money studies to be rolled out during 2017-18. For example, I have already indicated to the committee that, following my July 2016 report on the Welsh Government's funding of Kancoat Ltd, I am considering a broader examination of the Welsh Government's support for business.

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

Exhibit 12: National value-for-money studies

Topic	Actual or anticipated publication date
Outpatient follow-up appointments	February 2017
Governance and oversight of arms-length bodies (discussion paper)	February 2017
Welsh Government oversight of further education institutions' finances and delivery	March 2017
Circuit of Wales	February 2017
Emergency ambulance services commissioning	February 2017
21st century schools and education programme	March 2017
Public procurement landscape review	April to July 2017
Waste management (waste prevention)	April to July 2017

Topic	Actual or anticipated publication date
Waste management (municipal recycling) ²	April to July 2017
Implementation of the NHS Finances (Wales) Act 2014 (integrated medium-term planning)	April to July 2017
Supporting People programme	April to July 2017
NHS Wales informatics services	April to July 2017
Access to public services with the support of specialist interpretation and translation	August to October 2017
Preparations for the implementation of fiscal devolution in Wales (follow-on report)	August to October 2017
Early intervention and behaviour change	To be confirmed ³

² In addition to the work on waste prevention and municipal recycling, I will be taking forward a review of waste treatment infrastructure in early 2017.

³ My programme of good practice work has included a project exploring behaviour change work across Welsh public services and opportunities to improve practice, deliver better outcomes for citizens, and achieve better value for money. I still anticipate that the information and evidence gathered through this work will support the production of a report on this topic, although this is unlikely to be a traditional audit report and plans for its production are still to be confirmed.

Appendix 5

Other future developments

Forthcoming key IFRS changes relevant to all local government bodies

Exhibit 13: forthcoming key IFRS changes

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online.

The focus of GPX events includes financial management, public sector staff and governance.

Further information, including details of forthcoming GPX events and outputs from past seminars, can be found on the [GPX section of the Wales Audit Office website](#).

Registration for all events will open two months prior to the event.

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2017 Audit Plan – City and County of Swansea Pension Fund

Audit year: 2016-17

Date issued: March 2017

Document reference: 251A2017

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

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document was produced by John Herniman, Geraint Norman and David Williams.

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2017 Audit Plan

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2017 Audit Plan

Summary

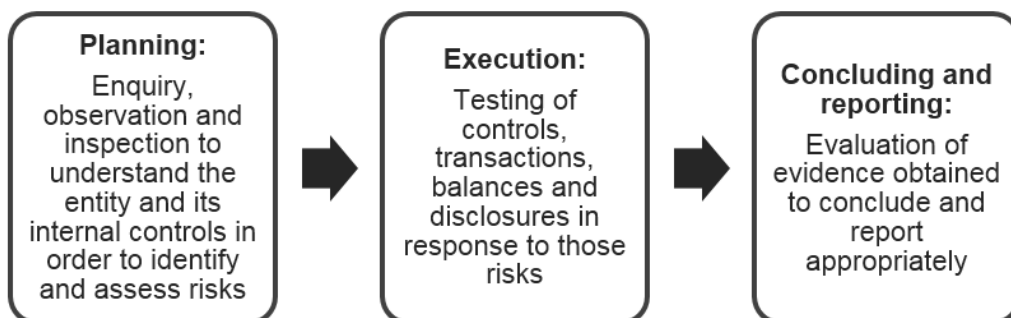
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether City and County of Swansea Pension Fund (the Pension Fund) accounting statements are 'true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

Audit of Pension Fund financial statements

- 4 It is my responsibility to issue a report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the financial statements:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.

[Appendix 1](#) sets out my responsibilities in full.
- 5 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



6 The risks of identified to my audit of your financial statements and the work I intend to undertake to address them are shown in [Exhibit 2](#).

Exhibit 2: financial statement risks

Financial statement risk	Proposed audit response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk in accordance with International Standards on Auditing 240.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement. The investment managers provide internal controls reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls eg valuation of the investment portfolio held.</p> <p>There is a risk that the internal control reports will not be available, or not provide sufficient assurance for audit purposes.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • assess the investment managers as a service organisation; • check that investments have been made in accordance with the Statement of Investment Principles; • obtain direct confirmation from the investment managers and custodian of year-end investment balances and holdings; and • assess whether the investment managers' internal control reports provide assurance over the relevant controls, including the valuation of investments held.
<p>Year-end valuation of private equity investments are provided by investment managers which are based on forward looking estimates and judgements. As there is no quoted market price, there is a greater risk for the reasonableness or valuation bases of these investments.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • confirm the investment valuations to audited financial statements; and • seek additional assurance over the valuation basis from controls assurance reports where available.

Financial statement risk	Proposed audit response
<p>There are a number of risks relating to the preparation of the financial statements:</p> <ul style="list-style-type: none"> • risk of material misstatement arising from changes to CIPFA's Code of Practice on Local Authority Accounting; and • risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure. 	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the new reporting requirements to ensure that the financial statements comply, in all material respects, with the CIPFA Code of Practice on Local Authority Accounting; and • undertake a programme of audit testing to address risks identified as part of the planning work and review of the draft financial statements.

- 7 I do not seek to obtain absolute assurance that the Pension Fund financial statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the financial statements being misled. The levels at which I judge such misstatements to be material will be reported to the Pension Fund Committee and the Audit Committee and to those charged with governance (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 8 For reporting purposes, I will treat any misstatements below a trivial level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 9 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Pension Fund annual report

- 10 In addition to including the Pension Fund's financial statements in their main financial statements, administering authorities are required to publish a Pension Fund annual report which must include the Pension Fund financial statements.

- 11 I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund financial statements included in the Council's main financial statements.
- 12 I also issue an audit statement confirming the consistency of the financial statements included in the annual report with the audited Pension Fund financial statements.

Fee, audit team and timetable

Fee

- 13 The Wales Audit Office does not generate profits on fees. Legislation requires that the fees charged may not exceed the full cost of exercising the function to which the fee relates. The fee rates are set at a level to recover that full cost. My fee rates have been held static for 2017 and my audit team will continue to look for efficiencies in their audit.
- 14 Your estimated fee for 2017 is set out in [Exhibit 3](#).

Exhibit 3: audit fee

Audit area	Proposed fee for 2017 (£)	Actual fee for 2016 (£)
Audit of Pension Fund financial statements ¹	50,000	50,000

¹ The fees shown in this document are exclusive of VAT, which is no longer charged.

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

Audit team

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

Exhibit 4: my team

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

18 There are no independence issues to report to you.

Timetable

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

Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
2017 Audit Plan	January 2016 to February 2017	March 2017
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	March to September 2017	September 2017 September 2017 October 2017
2018 Audit Plan	October to December 2017	January 2018

Future developments

Well-being of Future Generations (Wales) Act 2015

20 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2015. The Act requires me to report before the next National Assembly election on how public bodies are acting in accordance with the sustainable development principle when setting their wellbeing objectives and taking steps to meet them. In 2017 I will conduct my first work under the Act – the Year One

Commentary – to understand how bodies are beginning to respond to the requirements. I will also work collaboratively with a small number of public bodies, including the central government sector, to develop an audit approach that is meaningful and proportionate and can be adopted in subsequent years.

Other

- 21 Details of other future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 2](#).
- 22 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates.

Appendix 1

Respective responsibilities

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

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

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

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

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

Management agrees to provide me with:

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

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

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

Appendix 2

Other future developments

Forthcoming IFRS changes

Exhibit 6: forthcoming IFRS changes

Standard	Effective date	Further details
IFRS 9 financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
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Agenda Item 7

Report of the Chief Auditor

Special Audit Committee – 28 March 2017

INTERNAL AUDIT ANNUAL PLAN 2017/18

Purpose:	This report presents the Internal Audit Annual Plan and Internal Audit Strategy 2017/18 to the Audit Committee for approval.
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and approve the Internal Audit Annual Plan and Strategy 2017/18
Consultation:	Corporate Management Team, Legal, Finance, Access to Services
Recommendation:	It is recommended that: the Committee approves the Internal Audit Annual Plan and Strategy 2017/18
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sandie Richards
Access to Services Officer:	Ann Williams

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require a risk-based Internal Audit Plan is prepared each year to determine the priorities of Internal Audit and ensure they are consistent with the Council's goals and objectives
- 1.2 The Audit Plan must provide sufficient coverage across the whole of the Council's activities to allow the Chief Auditor to be able to give an opinion on the control environment including governance, risk management and internal control. The annual Internal Audit opinion which is delivered to the Section 151 Officer and the Audit Committee is a key input into the Council's Annual Governance Statement.
- 1.3 The PSIAS also require the Audit Plan to be linked to a high-level Audit Strategy which shows how the internal audit service will be

delivered, how it will be developed in accordance with the Internal Audit Charter and how it links to the Council's objectives and priorities

- 1.4 The methodology used to prepare the Audit Plan was reported to the Committee at the meeting on 14 March 2017.
- 1.5 This report presents the Internal Audit Annual Plan and Strategy 2017/18 Committee for approval.

2. Internal Audit Annual Plan 2017/18

- 2.1 A risk-based Internal Audit Annual Plan is produced each year which is used to guide the work of the Internal Audit Section and ensure sufficient coverage of the Council to allow the Chief Auditor to deliver the annual opinion on the internal control environment as well as providing assurance to management, Section 151 Officer and Audit Committee
- 2.2 The Internal Audit Annual Plan must incorporate or be linked to a strategic or high-level statement of how the Internal Audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the Council's goals and objectives. The Internal Audit Strategy 2017/18 is attached in Appendix 1.
- 2.3 For 2017/18, the Internal Audit Section is made up of 9.5 full time equivalents plus the Chief Auditor which is a reduction of 1 post compared to 2016/17. This gives a total number of available days of 2,470 i.e. a reduction of 260.
- 2.4 The reduction of 1 post has arisen as a result of the current Chief Auditor being granted early retirement. A re-structuring of the Internal Audit Section has seen the Group Auditor appointed as Chief Auditor with the Group Auditor post being deleted to create a saving of 1 post. To allow for the day to day management of the Section, a Principal Auditor post has been created with expressions of interest being sought from the existing Senior Auditors.
- 2.5 A summary of the Internal Audit Plan 2017/18 is shown in Appendix 2 and a list of audits planned for the year is shown in Appendix 3 along with the number of days planned for each audit as well as the perceived risk of each audit arising from the risk assessment process.
- 2.6 The reduction in the total number of days available due to the re-structuring of Internal Audit can be seen in Appendix 2.
- 2.7 The Internal Audit Plan 2017/18 accommodates any audits which were deferred from the 2016/17 Plan where the risk justifies their inclusion.

- 2.8 The Plan includes time for all fundamental audits due in the year i.e. those systems that are so significant to the achievement of the Council's objectives that they are audited annually or every 2 years e.g. Payroll, Pension Fund, Housing Benefits.
- 2.9 The Audit Plan has been reconciled to the available resources of 2,470 days by deferring around 600 days of audits due in 2017/18. The basis for deciding which audits to defer has been risk based with audits being classed as low risk and audits which received a high level of assurance at the last audit being deferred.
- 2.10 There are no low risk audits in the Audit Plan for 2017/18 and going forward it is felt that one of the ways of balancing reducing resources with ever increasing demand is not to audit any services where the risk assessment has scored them as low risk. However, there would need to be an annual review of the low risk audits to ensure that nothing had happened to change the risk assessment outcome and increase the low risk status.
- 2.11 There has been a significant increase in the number of days included in the 2017/18 Plan for Cross Cutting audits such as Corporate Governance, Partnerships and Whistleblowing with the proposed number of days increasing from 75 to 155. It is felt that it is these areas where Internal Audit can provide most added value with less emphasis on routine, recurring establishments audits in future.
- 2.12 Continued use of self-assessment questionnaires is proposed in 2017/18. A self-assessment questionnaire has been successfully implemented for the audit of primary schools in 2016/17 which has led to a reduction in the time required for each audit. This approach is being extended to the audit of branch libraries and school kitchens in 2017/18.
- 2.13 As in previous years, progress made by the Internal Audit Section in achieving the Audit Plan will be reported to the Audit Committee on a quarterly basis.
- 2.14 It is the view of the Chief Auditor that the proposed Internal Audit Plan 2017/18 will provide sufficient audit coverage for the annual opinion on the control environment to be delivered to Council via the Section 151 Officer and Audit Committee.

3. Equality and Engagement Implications

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

4. Financial Implications

4.1 There are no financial implications associated with this report.

5. Legal Implications

5.1 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: Internal Audit Plan 2017/18

Appendices: Appendix 1 Internal Audit Strategy 2017/18
Appendix 2 Internal Audit Annual Plan 2017/18 – Summary
Appendix 3 Internal Audit Annual Plan 2017/18

City and County of Swansea

Internal Audit Strategy 2017/18

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) set out the requirements for the Chief Auditor to prepare a risk-based Audit Plan to determine the priorities of Internal Audit, consistent with the Council's goals and objectives.
- 1.2 The Chief Auditor must review and adjust the Plan, as necessary, in response to changes in the Council's business, risks, operations and priorities.
- 1.3 The Audit Plan must incorporate or be linked to a strategic or high-level statement of how Internal Audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the Council's objectives and priorities. This Internal Audit Strategy provides the strategic, high-level statement.
- 1.4 The Internal Audit Strategy must be reviewed and updated on an annual basis as part of the audit planning process. The purpose of the Internal Audit Strategy and Plan is to
 - Provide independent and objective overall assurance to the Council and senior management on the adequacy and effectiveness of the control environment including internal control, risk management and governance and to make appropriate recommendations for improvement
 - Identify the key risks facing the Council to achieving its objectives and determine the corresponding level of audit resources
 - Add value and support senior management in providing effective control and identifying opportunities for improving value for money
 - Support the Section 151 Officer in fulfilling the statutory financial responsibilities
 - Deliver an Internal Audit service that meets the requirements of the Accounts and Audit Regulations and complies with the PSIAS
 - Optimise the use of audit resources available and provide an effective service

2. Internal Audit Objectives

- 2.1 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 an 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'

- 2.2 The primary purpose of the Internal Audit Section is to provide assurance services which requires the Chief Auditor to provide an annual internal audit opinion based on an objective assessment of the control environment comprising governance, risk management and internal control.
- 2.3 Internal Audit also provides advisory or consulting services which are generally performed at the specific request of management with the aim of improving the control environment and providing advice on proposed changes and improvements.
- 2.4 Collectively the assurance and consultancy work undertaken by the Internal Audit Section must provide added value and improve the operations of the Council to comply with the definition of internal audit.

3. Internal Audit Resources 2017/18

- 3.1 The Internal Audit Section will contain 9.5 full time equivalents in 2017/18 plus the Chief Auditor which is a reduction of 1 FTE compared to 2016/17 as a contribution to the overall savings requirement of the Corporate Services Directorate.
- 3.2 The total number of days available is 2,470 and after allowing for non-productive days such as holidays, management and sickness gives 1,609 productive days available plus the contingency of 91 days.
- 3.3 It is the Chief Auditor's view that there are sufficient skills, expertise and experience within the Section to provide the full range of audit reviews included in the Internal Audit Annual Plan 2017/18.
- 3.4 The Corporate Fraud Team is also managed by the Chief Auditor and includes 3 members of staff who are subject to a separate Corporate Fraud Plan. Inevitably there are many links and cross overs between the work of Internal Audit and Corporate Fraud.

4. Assurance Services

- 4.1 A risk-based Internal Audit Plan is prepared annually and is subject to continual review throughout the year. The Plan will be adjusted as necessary in response to changes in the Council's business, risks, operations, programmes, systems and controls.
- 4.2 The Internal Audit Plan will be discussed with the Corporate Management Team and approved by the Audit Committee. Any significant changes to the annual plan identified during the year will be reported to the Audit Committee for approval.

- 4.3 The Audit Plan details the specific services, systems or establishments to be reviewed in the year. All audits will be performed with the aim of reviewing and evaluating the risk management, internal control and governance arrangements in place, in particular how those elements help achieve the Council's objectives.
- 4.4 A lead auditor is appointed for each audit review in the Plan to assist in developing the scope of the audit and ensure there is appropriate focus on the key perceived risks, providing assurance and maximising added value. An Audit Brief is prepared for each audit and agreed with management to ensure that the scope, objectives and approach are understood and agreed.
- 4.5 A draft report in a standard format is issued to the appropriate level of management to give them the opportunity to confirm the factual accuracy of the audit findings. The primary purpose of the audit report is to provide an independent and objective opinion on the framework of internal control, risk management and governance in operation and to stimulate improvement.
- 4.6 Each audit will be given a Level of Assurance based on the findings of the audit. The Level of Assurance will be High, Substantial, Moderate or Limited.
- 4.7 The draft report will also include Management Action Plan containing recommendations to overcome any control weaknesses or areas of concern. Each recommendation will be classified according to risk and will be High, Medium, Low or Good Practice.
- 4.8 Service management will complete the Action Plan showing their response to each recommendation including the officer responsible for implementing the recommendation and the agreed implementation date.
- 4.9 Following the agreement of the draft report, a final report is issued to the service management and copied to the Head of Service. In the case of schools, the final report is issued to the Chief Education Officer, Headteacher and Chair of the Governing Body with a request that the full report is presented to the next meeting of the full Governing Body.
- 4.10 Where there has been a disagreement over the audits findings or the perceived risk of the recommendation, this will be recorded in the Action Plan to bring it to the attention of the Head of Service. If the Chief Auditor feels that the risk arising from not implementing the recommendation is significant then this will be brought to the attention of the Section 151 Officer and the Audit Committee.
- 4.11 Any audit that receives a Moderate or Limited Level of Assurance is reported to the appropriate Directorate Performance and Financial Monitoring (PFM) meeting to ensure that the Corporate Director and

Head of Service can monitor progress in implementing the agreed recommendations. A summary of the issues which led to the Moderate or Limited Level of Assurance is also reported to the Audit Committee in the quarterly Monitoring Reports.

4.12 The outcome of each audit, in particular the Level of Assurance is used by the Chief Auditor in preparing the annual opinion on the control environment which is reported to the Section 151 Officer and Audit Committee in the Internal Audit Annual Report. The annual opinion provides significant input into the Council's Annual Governance Statement.

5. Consultancy Services

5.1 In addition to assurances services, the Internal Audit Section also provides a range of consultancy services including

- Advice and guidance to management in respect of a range of issues including system implementation, compliance with polices, regulations and procedures and internal control requirements
- Training
- Special investigations including fraud work undertaken by the Corporate Fraud Team

5.2 Internal Audit operates in a consultancy role in advising management in relation to issues within its remit such as the implementation of appropriate controls for new projects, developments and systems.

5.3 As the level of consultancy work is unknown at the start of the year, a contingency item is included in the Annual Audit Plan to cover this work.

5.4 Any advice or recommendations made in the consultancy role is always made on the basis that they may be reviewed and amended in future as result of an assurance assignment.

6. Internal Audit Service Delivery

6.1 The provision of the Internal Audit service is through a directly employed in-house Internal Audit Team.

6.2 Given the range and complexity of areas to be reviewed, it is important that the Internal Audit Section includes suitably qualified, experienced and trained staff. To comply with the PSIAS, the Chief Auditor must be a CCAB qualified accountant and be suitably experienced.

6.3 The training needs of Internal Audit staff are identified as part of the annual appraisal and on an ongoing basis throughout the year. Staff are encouraged to undertake appropriate training including in-house courses and external courses, in particular those provided by the South Wales

Chief Auditors Group, to ensure that their audit skills are enhanced and developed.

- 6.4 All Internal Audit staff are required to conform to the Code of Ethics included in the PSIAS and also any other codes published by any professional bodies of which they are members. An annual declaration of compliance with the PSIAS Code of Ethics is signed by all staff.
- 6.5 Internal Auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life i.e. the Nolan Principles.
- 6.6 The Internal Audit Section is independent and has no other management responsibilities which may impact on its independence. All Internal Audit staff are required to complete an annual Declaration of Interests which identifies any conflicts of interest which may impair their impartiality. Any declarations made are used when preparing the quarterly operational plans to prevent any impairment to independence arising.

7. Follow Up Audits

- 7.1 It is important that action is taken to ensure that agreed recommendations have been implemented within the agreed timescale. The Internal Audit Section has a risk-based follow up policy which dictates the type of follow up audit undertaken.
- 7.2 For all fundamental audits, a check is made during the year to ensure that all recommendations have been implemented within the agreed timescale. The results of this check are reported to the Audit Committee in the annual Recommendations Tracker Report.
- 7.3 Any audits that received a Moderate or Limited Level of Assurance are subject to a formal follow up visit within 6 months of the issue of the final report. Testing will take place to confirm that any High or Medium Risk recommendations have been implemented and confirmation will be sought from management that any Low Risk or Good Practice recommendations have been implemented.
- 7.4 The results of the follow up visit will be reported to the service management, Head of Service (or Chair of the Governing Body) and the Audit Committee.
- 7.5 Where an audit has received a High or Substantial Level of Assurance, no follow up audit is arranged but management are asked to confirm in writing that the recommendations have been implemented.

8. Reporting of Internal Audit Activity

- 8.1 An Internal Audit Monitoring Report is prepared on a quarterly basis and presented to the Section 151 Officer and the Audit Committee. The report

shows the audits finalised in the quarter and the level of assurance given as well as the number of recommendations made and agreed.

- 8.2 The report will also include brief details of the audit findings for any audits which received a Moderate or Limited Level of Assurance. Any other work completed in the quarter and details of any follow up audits completed are also included in the report.
- 8.3 The Chief Auditor also produces an Annual Internal Audit Report which will include the annual opinion on the control environment. The Annual Report is presented to the Section 151 Officer and the Audit Committee.
- 8.4 The Annual Report will follow the requirements of the PSIAS and will include
 - An opinion of the overall adequacy and effectiveness of the framework of governance, risk management and internal control.
 - Disclosure of any qualifications to the opinion together with the reasons for the qualification.
 - A summary of the Internal Audit work completed from which the opinion is derived including any reliance placed on the work of other assurance providers
 - Any issues considered by the Chief Auditor to be particularly relevant to the Annual Governance Statement
 - A comparison of the work undertaken with the planned work, a summary of audit performance for the year including any performance indicators maintained and comments on compliance with the PSIAS and the Quality Assurance and Improvement Programme.

Internal Audit Annual Plan 2017/18 – Summary

Categories of Audit Work	Plan 2016/17	Plan 2017/18	
	Days	Days	%
People	460	441	17.9
Place	409	294	11.9
Corporate Services	236	180	7.3
Fundamental Audits	308	224	9.1
Contract Audit Systems	95	70	2.8
Computer Audits	100	89	3.6
Contract Audits	8	8	0.3
Cross Cutting Audits	75	155	6.3
Miscellaneous Audits	0	10	0.4
Projects & Special Investigations	138	138	5.6
Productive Days	1829	1609	65.2
Staff Training	84	76	3.1
Holidays, Sick & Special Leave	484	490	19.8
Admin, Planning, Control, Clerical Support etc.	196	188	7.6
Contingencies	100	91	3.7
Vacancies	20	0	0.0
Performance Management - Appraisals	17	16	0.6
Non Productive Days	901	861	34.8
Total Days	2730	2470	100.0

Internal Audit Annual Plan 2017/18

Head of Service	Risk Rating	Days 2017/18	Type of Work
Education Planning & Resources			
Primary Schools	Medium	75	Assurance
Secondary Schools	Medium	40	Assurance
Special Schools	Medium	4	Assurance
School Funding & Information	Medium/High	15	Assurance
Capital Planning & Delivery Unit	Medium/High	10	Assurance
Total		144	
Education Improvement			
Challenge Advisers	Medium	10	Assurance
Total		10	
Education Learner Support Service			
EOTAS Pathways	Medium	10	Assurance
Home Tuition Service	Medium	10	Assurance
LAC Co-ordinator	New	10	Assurance
Ethnic Minority Achievement Unit	Medium	10	Assurance
School Kitchens	Medium	25	Assurance
Catering Service Headquarters	Medium	10	Assurance
Music Service	Medium	10	Assurance
Total		85	
Education – Other			
School Uniform Grant	N/A	3	Grant Certification
Education Improvement Grant	N/A	15	Grant Certification
Pupil Deprivation Grant	N/A	10	Grant Certification
Schools Annual Report	N/A	3	Assurance
Total		31	
Child & Family Services			
Independent Agency Payments	Medium/High	10	Assurance
Nant-y-Felin Children's Home	Medium	10	Assurance
Adoption Allowances	Medium	10	Assurance
Foster Swansea	Medium	15	Assurance
Total		45	
Adult Services			
Home Care	Medium/High	10	Assurance
Supporting People Team	Medium	5	Assurance
Supporting People Grant	N/A	10	Grant Certification
Live Kilometre Support Grant	N/A	5	Grant Certification
Cyrenians – Lessons Learned	New	10	Added Value
Deprivation of Liberty Safeguards	New	15	Assurance
Emergency Placements	New	15	Assurance
CREST	Medium	10	Assurance
Total		80	

Head of Service	Risk Rating	Days 2017/18	Type of Work
Social Services – Directorate Services			
Client Property and Finance	Medium	15	Assurance
Staff Development and Training Section	Medium	10	Assurance
Total		25	
Poverty & Prevention			
Partnerships, Performance & Commissioning	New	15	Assurance
Play Team	Medium	6	Assurance
Total		21	
Corporate Building & Property Services			
Heol-y-Gors – Estimating	Medium	15	Assurance
Energy Management	Medium	6	Assurance
Total		21	
Waste Management			
Waste Enforcement	New	10	Assurance
Specialist Parks Services	Medium	10	Assurance
Parks Buildings	Medium	5	Assurance
Total		25	
Highways & Transportation			
Home to School Transport	Medium	15	Assurance
Concessionary Bus Fares	N/A	5	Assurance
Swansea Marina	Medium	15	Assurance
Clydach Depot – Admin & Finance	Medium	10	Assurance
Swansea Highways Partnership	New	10	Assurance
Total		55	
Housing & Public Protection			
Townhill District Housing Office	Medium	15	Assurance
Sketty District Housing Office	Medium	15	Assurance
Renewal Areas	Medium	20	Assurance
Voids Team / Homes Preparation Unit	Medium	15	Assurance
Total		65	
Cultural Services			
Morrison Leisure Centre	Medium	15	Assurance
Penlan Leisure Centre	Medium	15	Assurance
Penyrheol Leisure Centre	Medium/High	15	Assurance
Penyrheol Theatre	Medium	5	Assurance
Glynn Vivian Art Gallery	Medium	15	Assurance
Archives	Medium	15	Assurance
Brangwyn Hall & Guildhall Catering	Medium/High	15	Assurance
Spot Checks	Medium	5	Assurance
Total		100	
Planning & City Regeneration			
Development Projects & Joint Ventures	Medium	8	Assurance
Planning & Enforcement	New	10	Assurance
Planning – AONB	New	10	Assurance
Total		28	

Head of Service	Risk Rating	Days 2017/18	Type of Work
Communications & Customer Engagement			
Scrutiny	New	15	Assurance
Total		15	
Finance & Delivery			
Cashiers Office	Medium/High	10	Assurance
Write Off Requests by Departments	N/A	15	Assurance
Cashiers Write Offs	N/A	5	Assurance
Car Loans	Medium	5	Assurance
Risk Management	High	10	Assurance
Private Residential Care Charges	Medium/High	15	Assurance
Funded Nursing Care	Medium	5	Assurance
Short Term Care	Medium	10	Assurance
TSB Accounts	Medium/High	5	Assurance
Learning Disability Recharges	New	10	Assurance
Abacus Income Collection	New	15	Assurance
Total		105	
Legal & Democratic Services			
Freedom of Information	New	10	Assurance
Debt Recovery Process	New	10	Assurance
Total		20	
Human Resources & Organisational Development			
Officers Expenses	Medium	10	Assurance
Emergency Planning & Civil Contingencies	Medium	10	Assurance
Total		20	
Information & Business Change			
Project Management Methodology	New	10	Assurance
Strategic Projects – Administration	Medium	10	Assurance
File Controls	Medium	5	Assurance
Data Storage	Medium	5	Assurance
Network Controls – Corporate Network	Medium	10	Assurance
Firewall Controls – Corporate Network	Medium	5	Assurance
Payment Card Industry – Data Security Standard	Medium	5	Assurance
e-Commerce Controls	Medium	7	Assurance
Physical and Environmental Controls	Medium/High	7	Assurance
Computer Operations	Medium/High	5	Assurance
Application Controls – Flare System	Medium	5	Assurance
Application Controls - Fostercare System	Medium	5	Assurance
Application Controls - CRM System	New	10	Assurance
Change Control – Oracle	High	5	Assurance
Digital Strategy	High	10	Assurance
Total		104	
Commercial Services			
No audits planned		0	
Total		0	

Head of Service	Risk Rating	Days 2017/18	Type of Work
Fundamental Systems			
Payroll	High	40	Assurance
Pensions Administration	High	20	Assurance
Teachers Pensions	Medium	15	Assurance
Accounts Receivable	High	35	Assurance
Business Rates	Medium	22	Assurance
Pension Fund Investments	High	7	Assurance
Housing Rents	Medium	20	Assurance
Housing & Council Tax Benefit	Medium	40	Assurance
Capital Accounting	Medium	25	Assurance
Total		224	
Contract Audits Systems			
Legal			
Liquidations, Insurance Cover & Performance Bonds	Medium/High	10	Assurance
Highways & Transportation			
Control of Contracts	Medium	15	Assurance
Corporate Building & Property Services			
Tendering	Medium	10	Assurance
Housing Systems Overview	Medium	10	Assurance
Housing Renewal Areas	Medium	10	Assurance
Social Services			
Tendering, Letting and Monitoring	New	15	Assurance
Total		70	
Contract Audits			
Final Accounts	N/A	3	Assurance
Financial Appraisals of Contractors	N/A	5	Assurance
Total		8	
Cross Cutting Audits			
Corporate Governance Review	New	20	Assurance
Partnerships – Overview & Governance	New	15	Assurance
Review of Corporate Risks	New	20	Assurance
Added Value Work	New	25	Added Value
Delegated Decision Making	New	10	Assurance
Ethics and Values	New	15	Assurance
Senior Management Assurance Statements	Medium	20	Assurance
Officer's Code of Conduct	New	15	Assurance
Whistleblowing Policy	New	15	Assurance
Total		155	
Miscellaneous Audits			
Swansea Port Health Authority	New	10	Assurance
Total		10	

Head of Service	Risk Rating	Days 2017/18	Type of Work
Projects & Special Investigations			
Extraction of Data - Miscellaneous	N/A	5	Assurance
Unpresented Cheques >£2,000	N/A	5	Anti-Fraud
Galileo Audit Management System	N/A	15	Administration
Annual Plan & Annual Report	N/A	15	Administration
Health & Safety Group	N/A	3	Administration
Recommendations Tracker	N/A	5	Follow Ups
Follow Ups	N/A	40	Follow Ups
P Card Review of Purchases	N/A	20	Assurance
Compliance with Pay Policy	N/A	5	Assurance
Development of Audit Programmes	N/A	20	Assurance
PSIAS External Assessment	N/A	10	Assurance
Total		143	
Total Productive Days		1609	
Other Activities			
Staff Training		76	
Administration, Planning & Control		148	
Clerical Support		20	
Time Recording & Outturn		20	
Contingencies		91	
Annual Leave		325	
Sick Leave		66	
Public Holidays		99	
Performance Management – Appraisals		16	
Total Non-Productive Days		861	
Total Days		2470	

Agenda Item 8

Report of the Chief Auditor

Special Audit Committee – 28 March 2017

CORPORATE FRAUD TEAM UPDATE 2016/17

Purpose:	This report provides an update of the work completed by the Corporate Fraud Team in the first 6 months of 2016/17
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and review the progress made by the Corporate Fraud Team in achieving its Plan for 2016/17.
Consultation:	Legal, Finance and Access to Services It is recommended that Committee notes the Corporate Fraud Team Update 2016/17
Report Author:	Talfryn Davies
Finance Officer:	Paul Beynon
Legal Officer:	Sandie Richards
Access to Services Officer:	Ann Williams

1. Introduction

- 1.1 The Corporate Fraud Team (CFT) was established within the Internal Audit Section with effect from 1 June 2015 on an initial 2 year trial period although funding to make the Team permanent was provided in December 2016
- 1.2 The Corporate Fraud Team Plan 2016/17 was presented to the Audit Committee at the meeting on 30 August 2016. At the meeting, a request was made for a 6 month update of progress made by the Team in achieving its Plan to be reported to the Audit Committee
- 1.3 This report provides brief details of the work of the Corporate Fraud Team in the period 1 April 2016 to 30 September 2016

2. Corporate Fraud Team Update 2017/18

- 2.1 Appendix 1 provides some brief headline figures to give an overview of the work of the Corporate Fraud Team in the first 6 months of 2016/17.
- 2.2 The figures show the value of savings achieved by the Team split between cases investigated as part of the Joint Working pilot with the DWP and cases investigated solely by the Corporate Fraud Team.
- 2.3 The total value of savings achieved in the first half of 2016/17 exceeds £322k which shows excellent progress by the Team in its second year of operation.
- 2.4 Appendix 1 also highlights the number of cases investigated by the Team which at the end of September 2016 stood at 159.
- 2.5 An interesting development during 2016/17 has been the number of employee cases referred to the Team for investigation. As at 30 September 2016, 16 employee cases had been referred to the Team and it is good indication that the work of the Team is valued across the Council.
- 2.6 Any significant investigations undertaken by the Team will be subject to a report to the Audit Committee providing details of the investigation and the outcome. A report on the investigation of staff at a Household Waste Recycling Centre was reported to the Committee in December 2016. Further reports will be provided at the completion of significant live investigations.
- 2.7 A more detailed breakdown and analysis of the work of the Corporate Fraud Team in 2016/17 will be provided to the Audit Committee in the Team's Annual Report which is scheduled to be reported to the meeting on 8 August 2017.

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 The Accounts and Audit (Wales) Regulations 2014 require the maintenance of an adequate and effective system of internal audit of the Council's accounting records and control systems. This is essential to the prevention and detection of fraud and corruption and is a key element of the Chief Finance Officer's statutory duties as contained in section 151 of the Local Government Act 1972.

Background Papers: None

Appendices: Appendix 1 Corporate Fraud Team Update 2016/17

Corporate Fraud Team Update 2016/17

CFT Headline Figures for 2016-2017 (01.04.16 to 30.09.16)

Savings achieved:

Joint Working cases				CFT only cases		Total Savings
Created via CFT		Created via DWP		Actual OP Savings	Theoretical Savings	
Excess CTR Reduction	Other LA OP's	HB & CTB	DWP			
£9,849.09	£1,320.81	£64,242.11	£61,031.94	£14,862.48	£171,301.18	
£11,169.90		£125,274.05		£186,163.66		
£136,443.95						£322,607.61

Overview of cases:

Type	Joint Working	CFT only	Total
Brought forward from 2015/16	11	24	35
New cases 2016/17	33	91	124
Total	44	115	159

Breakdown of cases:

Type	Joint Working	CFT only	Total
Cases closed	16	71	87
Cases to be considered	0	3	3
Cases under investigation	28	41	69
Total	44	115	159

Employee cases:

Type	Joint Working	CFT only	Total
Employee cases	0	16	16

Agenda Item 9

Report of the Chief Auditor

Special Audit Committee – 28 March 2017

CORPORATE FRAUD TEAM PLAN 2017/18

Purpose:	This report provides details of how the Corporate Fraud Team Plan is compiled and outlines the Plan for 2017/18
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss, review and approve the Corporate Fraud Team Plan 2017/18.
Consultation:	Legal, Finance and Access to Services It is recommended that Committee approve the Corporate Fraud Team Plan 2017/18
Report Author:	Talfryn Davies
Finance Officer:	Paul Beynon
Legal Officer:	Sandie Richards
Access to Services Officer:	Ann Williams

1. Introduction

- 1.1 The Corporate Fraud Team (CFT) was established within the Internal Audit Section with effect from 1 June 2015 on an initial 2 year trial period but funding to make the Team permanent was provided in December 2016
- 1.2 To ensure that the CFT's limited resources are targeted at the areas of most risk of fraudulent activity, an Anti-Fraud Risk Assessment Checklist has been completed and used to prepare an Anti-Fraud Statement which describes the Council's commitment to ensuring a zero-tolerance approach to fraud from both internal and external sources.
- 1.3 The Anti-Fraud Risk Assessment Checklist and Anti-Fraud Statement have been used to compile the Corporate Fraud Team Plan 2017/18.

2. Corporate Fraud Team Plan 2017/18

- 2.1 In preparing the Corporate Fraud Team Plan 2017/18, a fraud risk assessment has been completed using the Audit Commission's *Protecting the Public Purse – Fighting Fraud Checklist* which was published in 2014.
- 2.2 The Checklist includes a series of questions aimed at assessing the Council's exposure to fraud and includes questions covering the Council's policy in relation to fraud, the counter-fraud resources available, the role of the Audit Committee, how fraud awareness is raised and whether links exist with other organisations.
- 2.3 The Checklist also covers specific areas where research has identified fraud could be a significant risk including
- Housing Tenancy
 - Procurement
 - Recruitment
 - Personal Budgets for Social Care
 - Council Tax Discounts and Exemptions
 - Housing Benefit
 - Other
- 2.4 A copy of the completed Fraud Risk Assessment Checklist can be made available to Committee members if they wish.
- 2.5 In addition to the Risk Assessment, the CFT have prepared an Anti-Fraud Statement in line with the *CIPFA Code of Practice on Managing the Risk of Fraud and Corruption* which was published in 2014.
- 2.6 The Code of Practice includes 5 key principles in relation to managing the risk of fraud and corruption
- Acknowledge the responsibility of the governing body for countering fraud and corruption
 - Identify the fraud and corruption risks
 - Develop an appropriate counter fraud and corruption strategy
 - Provide resources to implement the strategy
 - Take action in response to fraud and corruption
- 2.7 The Anti-Fraud Statement defines fraud, corruption, bribery, theft and financial malpractice/irregularity and identifies the following themes which are taken from the *'Fighting Fraud Locally – the Local Government Fraud and Corruption Strategy 2016-2019'* as a method of ensuring that the Council's counter fraud response is comprehensive and effective

- **Culture** – creating a culture in which beating fraud and corruption is part of daily business.
- **Capability** – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks.
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk.
- **Competence** – having the right skills and standards.
- **Communication** – raising awareness, deterring fraudsters, sharing information, celebrating successes.
- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

2.8 The Anti-Fraud Statement also outlines the responsibilities of the Council, councillors, managers, employees, contractors, Internal Audit, CFT and the general public in relation to fraud and ensuring that a zero-tolerance approach to fraud and corruption exists.

2.9 The Fraud Risk Assessment and Anti-Fraud Statement have been used to prepare the Corporate Fraud Team Plan 2017/18 which is shown in Appendix 1

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 The Accounts and Audit (Wales) Regulations 2014 require the maintenance of an adequate and effective system of internal audit of the Council's accounting records and control systems. This is essential to the prevention and detection of fraud and corruption and is a key element of the Chief Finance Officer's statutory duties as contained in section 151 of the Local Government Act 1972.

Background Papers: None

Appendices: Appendix 1 Corporate Fraud Team Plan 2017/18

Corporate Fraud Team Anti-Fraud Plan 2017/18

Introduction

This document sets out the Corporate Fraud Team's Anti-Fraud Plan 2017/18 which covers the principles set out in the '*CIPFA Code of Practice on Managing the Risk of Fraud and Corruption*'.

The Plan is based on the three key themes of:

- Acknowledge
- Prevent
- Pursue

We know that fraud will be attempted against the Council during the coming year and as a result, we will maintain a team dedicated to investigating allegations of fraud, seeking to punish those who have committed fraudulent acts against the Council, identifying losses to be recovered and, where appropriate, taking appropriate recovery action.

Estimates published in the '*Annual Fraud Indicator 2016*' and '*Fighting Fraud Locally – the Local Government Fraud and Corruption Strategy 2016-2019*', suggests that fraud is committed in all organisations to varying degrees. Some areas that are considered to more at risk than others are:

- Council Tax Discounts
- Council Tax Reduction
- Grants
- Housing Tenancy
- Procurement

The Corporate Fraud Team intends to target these areas along with Social Care Direct Payments, which have been identified as 'at risk' in other Local Authorities, but which up to now the City and County of Swansea has not been in a position to tackle in a strategically effective way.

Controls are in place to mitigate internal fraud, but any allegations will be fully considered and where appropriate investigated which may lead to further action being taken, including disciplinary and criminal prosecutions. Sources of allegations may arise from pro-active measures or being re-active to referrals from the public/staff/members or via a 'whistle blower'.

The Corporate Fraud Team resources will be directed as appropriate and necessary throughout the year in response to the level of risk and investigation work required.

Cases of suspected fraud or financial irregularity should be referred to the Chief Auditor or Corporate Fraud Team for assessment and appropriate action.

'Fighting Fraud Locally – the Local Government Fraud and Corruption Strategy 2016-2019' suggests that Local Authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against the following six themes. It is Corporate Fraud Team's intention to adhere to the themes

- Culture
- Capability
- Capacity
- Competence
- Communication
- Collaboration

Corporate Fraud Team Anti-Fraud Plan 2017/18

Activity	Detail	Target Outcomes
Consider new areas of activity: <ul style="list-style-type: none"> • Planning • Preparation • Procedures 	To explore new areas with a view to undertaking proactive activity <ul style="list-style-type: none"> • Business Rates. • Grants. • Personal budgets for social care. • Procurement. 	'Fact finding' in order to establish an understanding of relevant legislation and best practices. Devise and implement proactive 'pilot' exercises to <ul style="list-style-type: none"> • Assist in ensuring that funds are used for the intended purposes. • Maximise income from Business Rates • Identify fraud and error. • Seek to recover losses. • Take criminal action in appropriate cases.
Tackle social housing tenancy fraud	Continue to work in partnership the Housing Department and Legal Section to combat tenancy fraud from unlawful subletting to bogus succession claims.	Raise awareness of the problem of social housing fraud and the damage that it does. Investigate any cases where evidence suggests a property may have been unlawfully sub-let or unlawful successions to a property has occurred. Develop an effective process that expedites the recovery of properties where tenancy fraud has been identified. Undertake criminal prosecutions and utilise Unlawful Profit Orders to recover any profits made by offenders in accordance with the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006
Tackle Council Tax fraud	Utilise internal and external data matching products to identify potential discrepancies in Single Person Discounts and other Council Tax discounts, disregards and exemptions.	Recover single person discounts 'incorrectly' claimed. Recover other disregards and discounts 'incorrectly' claimed.

Activity	Detail	Target Outcomes
Tackle Council Tax Reduction Fraud	<p>Prior to the introduction of SFIS, Council Tax Reduction fraud was investigated by the HB Investigation Team. CFT will continue to investigate Council Tax Reduction fraud where no other welfare benefit is in payment.</p> <p>To continue to participate in the joint working pilot with SFIS.</p> <p>The initial pilot was for 6 months: November 15 to May 16. It has since been extended to October 16 and then to March 17, and probably thereafter,</p> <p>National roll-out is intended for 2018/19.</p>	<p>Sharing information and expertise</p> <ul style="list-style-type: none"> • To ensure that the totality of welfare benefit, CTRS and tenancy* frauds is tackled in the most efficient and effective manner. • To identify overpayments and excess reductions. • To take sanction action in appropriate cases. Administrative Penalties and prosecutions. <p>*Tenancy fraud cases were included in the extended pilot from 01/12/16 to 31/03/17</p>
Tackle Personal Budgets for Social Care (Direct Payments)	Continue to review and develop processes to aid the identification and investigation of any fraud	<p>CFT Officers to attain a practicable appreciation of relevant legislation and related processes applied to the application and monitoring of Direct Payments</p> <p>To consider 'suspicious' cases with a view to determining appropriate action including</p> <ul style="list-style-type: none"> • Seeking to ensure procedures and documents are sufficiently robust • Identifying potential overpayments • Instigating criminal proceedings where appropriate
Tackle Procurement Fraud	Continue to develop proactive work in this area	<p>Establish a formal relationship between CFT and the Procurement Team</p> <p>Attain a practicable appreciation of relevant legislation and related processes</p> <p>Determine whether any proactive work can be completed with a view to undertaking sample testing</p>

Activity	Detail	Target Outcomes
<p>National Fraud Initiative (NFI)</p>	<p>Continue to participate in the National Fraud Initiative.</p> <p>Since SFIS became responsible for investigating HB and CTB fraud and a Fraud and Error Reduction Incentive Scheme (Feris) Officer was appointed in the Revenues and Benefits Section, towards the tail end of NFI 2014, it became clear that the approach to subsequent exercises would need to change.</p> <p>From NFI 2016, published in January 17, the Feris Officer will have a significant role in dealing with matches in respect of HB. Whereas, CFT will mainly deal with non-benefit related matches.</p>	<p><u>Benefit related matches</u></p> <p>As appropriate, liaise with the Feris Officer and SFIS to ensure that all relevant NFI Reports are examined/considered so that:</p> <ul style="list-style-type: none"> • Fraud, error, overpayments and excess reductions are identified. • To take appropriate against offenders. <p><u>Non-Benefits related matches</u></p> <p>CFT will mainly deal with the following matches</p> <ul style="list-style-type: none"> • Housing Tenants to Housing Tenants • Housing Tenants to Council Tax Reduction • Housing Benefits to Council Tax Reduction • Housing Tenants Payroll;, Pensions, Taxi Drivers <p>Other reports to be dealt with by staff in the relevant sections</p>
<p>Tackle other internal and external fraud, examples include</p> <ul style="list-style-type: none"> • Abuse of Position • Blue badge • Flexi time • Income collection and banking • Payroll • Pensions • Travel and subsistence 	<p>During 2017/18, CFT will continue to investigate various anomalies and referrals.</p> <p>CFT will continue to work with internal departments and external organisations in order to undertake risk assessments, and gather intelligence and evidence to point towards or away from fraud and error.</p> <p>Subject to available resources, CFT will consider and investigate any other frauds if it is in the best interests of the Council and the general public it serves.</p>	<p>Retain public confidence.</p> <p>Maintain the Council's good reputation.</p> <p>Identify fraud, error and over payments.</p> <p>Instigate criminal proceedings as appropriate.</p> <p>Recover losses.</p>

Activity	Detail	Target Outcomes
<p>Raising Fraud Awareness</p>	<p>Continue to raise awareness of the role of CFT both inside and outside the Council.</p> <p>The aim is to maintain reputation and to encourage the reporting of potential fraud in the belief that action will be taken.</p>	<p><u>Staff:</u></p> <ul style="list-style-type: none"> • New - A guide to Corporate Fraud for inclusion in HR Induction Training has been devised • Existing – Continue to develop and deliver training as and when required. <p><u>Members:</u></p> <ul style="list-style-type: none"> • Continue to deliver presentations and reports to the Audit Committee and any other members as necessary. <p><u>Contractors:</u> Develop a guide that highlights their role in combatting fraud.</p> <p><u>Public:</u> Continue to publicise activities, successes, and prosecutions.</p>

Agenda Item 10

Report of the Chair of Audit Committee

Special Audit Committee – 28 March 2017

DRAFT AUDIT COMMITTEE ANNUAL REPORT 2016/17

Purpose:	This report provides the draft Audit Committee Annual Report 2016/17 municipal year
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss, review and contribute to the Audit Committee Annual Report 2016/17 prior to the report being presented to Council.
Consultation:	Legal, Finance and Access to Services
Recommendation(s):	It is recommended that the Committee review and discuss the draft Audit Committee Annual Report 2016/17
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sandie Richards
Access to Services Officer:	Ann Williams

1. Forward by Mr Alan Thomas, Chair of the Audit Committee

To be added before the final version Annual Report comes to the June 2017 meeting of the Committee for approval

2. Introduction

2.1 The Council is required, under the Local Government (Wales) Measure 2011 to have an Audit Committee which among other things must include at least 1 lay member.

2.2 The Measure requires the Audit Committee to review and scrutinise the Council's financial affairs, risk management, internal control and governance arrangements. It also requires the Committee to oversee the Council's internal and external audit arrangements and review its financial statements.

- 2.3 The work of the Audit Committee is structured so that the Committee can gain assurance over the areas identified above and to comply with its terms of reference.
- 2.4 This draft report describes the assurance that has been gained by the Audit Committee from various sources during 2016/17 and also outlines a number of other areas where briefings have been provided to the Committee.
- 2.5 The draft Audit Committee Annual Report 2016/17 is reported to the Committee to provide members with the opportunity to give their views on the assurances received and to identify the key messages arising from the work of the Committee during the year which should be reported to Council.
- 2.6 The draft report will be amended for any comments made at this meeting with the final report being presented to the Audit Committee in June for formal approval. The Chair will then present the Annual Report to Council later in the summer.

2. Committee Membership

- 3.1 The membership of the Audit Committee during 2016/17 is shown in the following table

Mr AM Thomas – Lay Member and Chair	Cllr PM Meara
Cllr C Anderson	Cllr TJ Hennegan
Cllr RA Clay	Cllr D Phillips
Cllr TM White	Cllr RV Smith
Cllr PR Hood-Williams	Cllr C Thomas
Cllr L James – Vice Chair	Cllr LV Walton
Cllr JW Jones	

- 3.2 There were no changes to the membership of the Audit Committee during 2016/17.
- 3.3 The Committee moved to a schedule of 2 monthly meetings in 2015/16 however it was recognised that the agenda for the bi-monthly meetings were becoming excessively long so a number of special meetings were arranged to help smooth out the Committee’s work programme.
- 3.4 The Committee met on 11 occasions during 2016/17, 6 scheduled meetings and 5 special meetings. Over the course of the year, attendance at the meetings (not including the 2 meetings in March 2017) was 70%

4. Internal Audit Assurance

- 4.1 The Audit Committee approved the Internal Audit Charter 2016/17 and 2017/18 as required by the Public Sector Internal Audit Standards.
- 4.2 The Audit Committee also approved the Internal Audit Annual Plan 2016/17 and 2017/18 during the year and has received quarterly monitoring reports from the Chief Auditor showing progress against the Plan.
- 4.3 The quarterly monitoring reports identified any audits that received a moderate or limited level of assurance along with an outline of the issues which led to the audit receiving the negative assurance level.
- 4.4 The Chair has written to a number of Heads of Service where audits in their area of responsibility received a moderate or limited level of assurance to raise the concerns of the Committee and to highlight the need for improvement in controls.
- 4.5 The Chair has also met with the Head of Service where the audit received a moderate or limited level of assurance at the previous audit. The Committee's view is that this indicates that the service has failed to improve since the previous audit which therefore requires a firmer response from the Committee to support the findings of the Internal Audit Section. Face to face meetings are more proactive and are likely to lead to a positive response from the service area.
- 4.6 The Internal Audit Annual Report 2015/16 was reported to the Audit Committee which included a review of actual work completed compared to the Annual Plan.
- 4.7 The Internal Audit Annual Report also included the Chief Auditor's opinion on the internal control environment for 2015/16 which stated that based on the audit testing carried out reasonable assurance can be given that the systems of internal control are operating effectively and that no significant weaknesses were identified which would have a material impact on the Council's financial affairs.
- 4.8 The Internal Audit Annual Report of School Audits 2015/16 was presented to the Audit Committee. This report summarised the school audits undertaken during the year and identified some common themes identified across school audits.

5. Annual Governance Statement 2015/16

- 5.1 The draft Annual Governance Statement 2015/16 was presented to the Audit Committee prior to being reported to Council for approval.
- 5.2 This gave the Committee the opportunity to review and comment upon the Statement and to ensure that it properly reflected the assurances provided to the Committee over the course of the year.

6. Annual Statement of Accounts 2015/16

- 6.1 The Corporate Director (Resources) presented the draft Statement of Accounts 2015/16 for the Council and the Pension Fund to the Committee and answered a number of queries raised by members of the Committee.
- 6.2 Following completion of the audit of the Statement of Accounts 2015/16, the Chair requested that a special meeting be arranged for the Wales Audit Office to present its ISA 260 reports on the audit of financial statements of the Council and Pension Fund to the Audit Committee prior to the reports going to Council. The reports presented the detailed findings of the audit and stated that the Wales Audit Office view was that the accounts gave a true and fair view of the financial position of the Council and Pension Fund.

7. External Audit Assurance

- 7.1 As well as the Audit of the Statement of Accounts reports mentioned above, the Wales Audit Office also provided an update report to each scheduled meeting. The report outlined the progress being made in financial and performance audit work to the Committee.
- 7.2 The Wales Audit Office also provided assurance to the Audit Committee by presenting the following reports
- Certification of Grants and Returns 2013/14 and 2014/15
 - Financial Resilience Assessment Report 2015/16
 - Annual Audit Letter 2015/16
 - Wales Audit Office Audit Plan 2017 including performance and financial audit work

8. Implementation of Audit Recommendations

- 8.1 An important role undertaken by the Audit Committee is monitoring the implementation of agreed audit recommendations arising from both internal and external auditors.
- 8.2 The implementation of any Internal Audit recommendations arising from the fundamental audits is reported to the Audit Committee in the Recommendations Tracker report. For 2015/16, the results of the tracker exercise showed that 86% of agreed recommendations had been implemented by 30 November 2016.
- 8.3 The implementation of any high or medium risk recommendations arising from non-fundamental audits that received a moderate or limited level of assurance are subject to follow up visits by Internal Audit to confirm they have been implemented. The results of the follow ups are reported to the Audit Committee in the quarterly Internal Audit Monitoring Reports.
- 8.4 A number of follow up audits were reported to the Committee during 2016/17 and in most cases it was found that substantial progress had been

made by management in implementing the agreed recommendations within the agreed timescale.

- 8.5 However, it was disappointing that a small number of audits were identified where substantial progress had not been made in implementing the agreed recommendations and a 2nd follow up visit had to be scheduled.
- 8.6 The Committee also received as presentation from the Planning Control Manager on the progress made in implementing the recommendations arising from the Section 106 Agreements audit in 2015/16 which had received a limited level of assurance. It was noted that good progress had been made in implementing the recommendations although members did raise concerns regarding the information available to all councillors on Section 106 agreements.
- 8.7 The Internal Controls Report presented to the Audit Committee by the external auditors includes any recommendations made as a result of their work and the action taken by management to implement the recommendations.

9. Risk Management

- 9.1 The Local Government (Wales) Measure 2011 makes the overview of risk management a function of the Audit Committee
- 9.2 A training presentation was made to the Committee on Risk Management during the year where it was indicated that an updated Risk Management Policy and Framework was being prepared and would be presented to the Committee in June 2017.
- 9.3 Apart from the training presentation, it was disappointing that no other reports or updates on Risk Management were provided to the Committee during the year.
- 9.4 The Committee also remains frustrated that access to the Risk Registers for members of the Committee has still not been arranged despite the request being made a number of years ago.

10. Performance Audit

- 10.1 The Audit Committee received regular briefings from the Wales Audit Office on the performance audit work being undertaken within the City and County of Swansea
- 10.2 The Wales Audit Office's Performance Audit Plan 2016 was reported to the Committee and regular updates on progress against the Plan were provided by the Wales Audit Office throughout the year.

11. Relationship with Scrutiny Function

- 11.1 The Audit Committee has continued to develop a relationship with the Scrutiny function. The relationship is intended to ensure the following
- Mutual awareness and understanding of the work of Scrutiny and the Audit Committee
 - Respective workplans are coordinated to avoid duplication / gaps
 - Clear mechanism for referral of issues if necessary
- 11.2 The Chair attended the Scrutiny Work Planning Conference to provide an Audit Committee input into the areas of proposed work for Scrutiny during 2016/17.
- 11.3 The Chair also attended the Scrutiny Programme Committee to provide an update on the work of the Audit Committee and also shared the Audit Committee Annual Report 2015/16 and Workplan 2016/17 with the Scrutiny Programme Committee.
- 11.4 The Chair of the Scrutiny Programme Committee has attended the Audit Committee to provide an update on the work of Scrutiny.

12. Anti-Fraud

- 12.1 A Corporate Fraud Team was established during 2015/16 within the Internal Audit Section and the Corporate Fraud Annual Plan 2016/17 and Corporate Fraud Team Annual Report 2015/16 were presented to the Audit Committee.
- 12.2 An update on the work of the Corporate Fraud Team in 2016/17 and the Corporate Fraud Annual Plan 2017/18 were presented to the Committee
- 12.3 The new team has been involved in a number of investigations and the final report on one of the investigations was reported to the Committee. Further reports will be presented on the conclusion of live investigations.

13 YGG Lon Las – New Build

- 13.1 Cabinet referred the project for the replacement of YGG Lon Las to the Audit Committee in September 2015 as a result of a significant increase in the cost of the project and the length of time taken to progress the project. The intention of the referral was so that any lessons learned from the YGG Lon Las project could be identified and applied to future schemes.
- 13.2 The Audit Committee held a number of meetings to discuss the project and received information from staff in Education and Corporate Building and Property Services.

13.3 The Audit Committee's final report identified a number of lessons learned from the YGG Lon Las project. The final report was presented to Cabinet by the Chair in January 2017.

14. Briefings

14.1 The Audit Committee received a number of briefings during 2016/17 as noted below

- Cabinet Advisory Committees
- Corporate Governance Review
- Debt Write Offs
- Internal Audit Plan Methodology
- Commercialism Strategy

15. Audit Committee Training

15.1 It was recognised that a number of new councillors had recently been appointed as members of the Audit Committee therefore a training programme was developed for 2016/17.

15.2 Training was provided in the follow areas which are included in the terms of reference of the Audit Committee

- Internal Audit
- Governance
- Standards in Public Life
- External Audit
- Financial Statements
- Risk Management
- Counter Fraud

15.3 The training in 2016/17 was delivered at 2 meetings however going forward it is felt that it would be more appropriate to deliver training in shorter sessions with, for example, one topic being covered at the start of each meeting and limited to 30 minutes where possible.

16. Action Tracker Report

16.1 An Action Tracker Report was added to the agenda of each meeting in 2016/17 to allow the Committee to monitor the action taken in response to any decisions made by the Committee. The report was well received as it provided a way for members to monitor progress in implementing the actions decided by the Committee.

17. Audit Committee – Performance Review

17.1 The Audit Committee's annual performance review for 2016/17 was facilitated by the Wales Audit Office. The format of the Performance

Review was for the members of the Committee to review the Committee's performance against the 7 Core Functions of an Audit Committee which had been established by CIPFA.

17.2 The members of the Audit Committee were individually asked to score the Committee's performance against each of the Core Functions using a scoring range of 1 to 10. Committee members were also asked to individually identify what they thought the Committee was doing well in relation to each Core Function and what the Committee could do better.

17.3 The Wales Audit Office captured the views of the Audit Committee in relation to each Core Function and has produced the summary shown in Appendix 1

17.4 The Wales Audit Office has also identified the key findings of the Performance Review based on the views of the Audit Committee members. The key findings are shown below

- Risk management – provide more detailed information e.g. Risk Registers to the Audit Committee
- Risk management – develop 'what if' scenarios
- Other regulators – Committee to see the work of other regulators at the Council e.g. CSSIW, Estyn, Public Service Ombudsman for Wales
- Tracking of recommendations – develop a central control record of all recommendations
- Tracking of recommendations – look at timescales, is 12 months too long before providing feedback on implementation
- Meeting with Audit Committee – should all members of the Audit Committee meet with the WAO in private rather than just the Chair
- Good practice – look at what other Audit Committees are doing e.g. in NHS, Police
- Good practice – WAO to signpost good examples
- Development of Audit Committee – look at other Audit Committees to benchmark and for good practice
- Development of Audit Committee – train with members of other Audit Committees
- Attendance – need to improve attendance by Members and Officers

17.5 The key findings of the Performance Review identified above will be turned into an Action Plan which will be reported to the Audit Committee at the June 2017 meeting and periodically throughout the year so that the Committee can monitor the progress made in addressing the issues arising from the Performance Review.

17.6 Overall, the outcome of the Performance Review is that the Audit Committee considers that it is performing well against the Core Principles apart from Risk Management. It was also felt that there are a number of issues which could be addressed during the coming year which would allow the Committee to provide a higher level of assurance to the Council.

18. Performance Review 2015/16 – Review of Actions

- 18.1 The following table shows the actions that were agreed as a result of the Performance Review 2015/16 and the action taken during 2016/17

Action	Outcome
The need for the Committee to review its approach to gaining assurance over corporate governance. The review will follow the publication of the ongoing Corporate Governance Review by the Head of Legal and Democratic Services	Not achieved – the Corporate Governance Review report was presented to the Committee on 28 June 2016. The intention is that assurance on Corporate Governance will be provided by quarterly reports by the Annual Governance Statement Group but the Group has only recently been established. This action will be addressed during 2017/18.
The provision of training to Committee members based on the CIPFA <i>Knowledge and Skills Framework</i> . A training meeting will be held on 14 June 2016.	Achieved – a training meeting was held on 14 June 2016 and a further training session was provided at the meeting on 13 December 2016.

18. Future Audit Committee Meetings

- 18.1 The Council Diary for the new municipal year continues to include Audit Committee meetings on a 2 monthly basis. .
- 18.2 However, based on the experience in previous years, it is clear that special meetings will need to be held at certain times of the year to ensure the smooth delivery of the Committee's work programme. At this stage it is envisaged that special meetings will need to be arranged in July and September for the draft Annual Statement of Accounts and the Wales Audit Office audited Statement of Accounts report.
- 18.3 The Committee has the ability to call further additional meetings if necessary.

19. Equality and Engagement Implications

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

20. Financial Implications

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

21. Legal Implications

- 21.1 Part of the role of the Audit Committee as set out by the Local Government (Wales) Measure 2011 is to make reports and recommendations in relation to

the authority's financial affairs, including an assessment of the risk management and corporate government arrangements and the adequacy and effectiveness of those arrangements.

Background Papers: None

Appendices: Appendix 1 Audit Committee Performance Review 2016/17
Focus Group Notes

Audit Committee Performance Review 2016/17

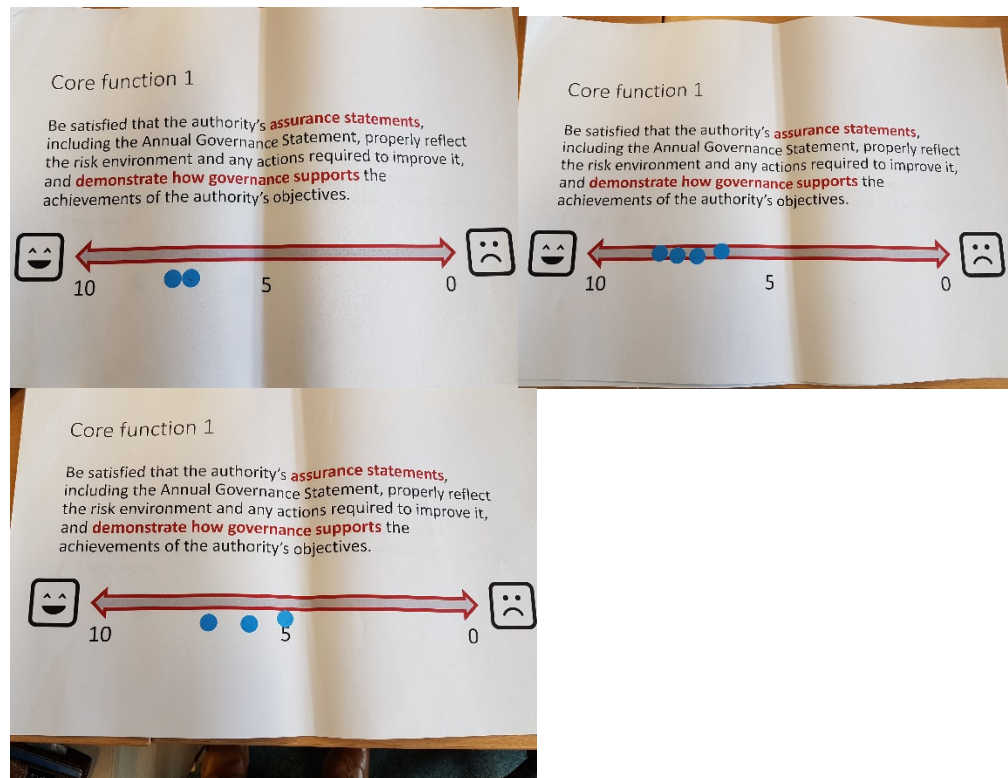
Focus Group – Notes

Focus Group	City and County of Swansea Audit Committee
Date	14 February 2017
Location	Swansea Guildhall
Facilitators	Gareth W Lewis and Geraint Norman
Attendees	

Key Findings
<ul style="list-style-type: none"> • Risk management – provide more detailed information (Risk Register) to AC • Risk management – develop ‘what if’ scenarios • Other regulators – see the work of other regulators at the Council (CSSIW, Estyn, PSoW) • Tracking of recommendations – central place for all recommendations • Tracking of recommendations – look at timescales – is 12 months too long? • Meeting with AC in private – should all members of AC meet with WAO rather than just the Chair? • Good practice – look at other bodies – eg. Police and NHS • Good practice – WAO to signpost good examples • Development of AC – look at other ACs to benchmark and for good practice • Development of ACs – train with members of other ACs • Attendance - improve attendance from Members and officers

Core Function 1

Be satisfied that the authority's **assurance statements**, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and **demonstrate how governance supports** the achievements of the authority's objectives.



What's going well?

- Good training and development for AC
- Better information from officers
- Independent Chair adds value
- System has been simplified
- Obtained detailed information from officers – e.g. delegated/pooled budgets and consortia working
- Improved sight of AGS; more feedback on AGS; confidence that governance taken on by functions
- Councillors development – AC has brought in many people for information training and development (Fraud Team, Chair Scrutiny)
- AGS appeared to be generally satisfactory
- Support of Audit department
- Audit team is now up to expected staffing levels
- Effectiveness of audit work with other agencies
- Fraud work
- Good cross party committee is essential to the process of AC
- Monitored issues from audit reports

What could be better?

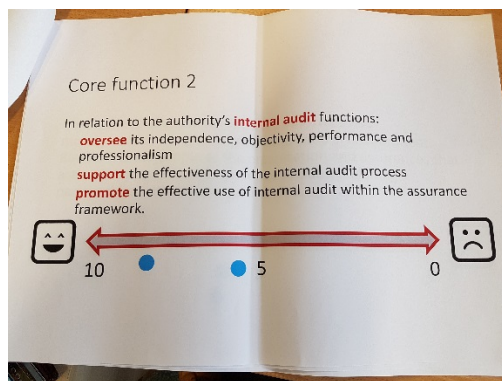
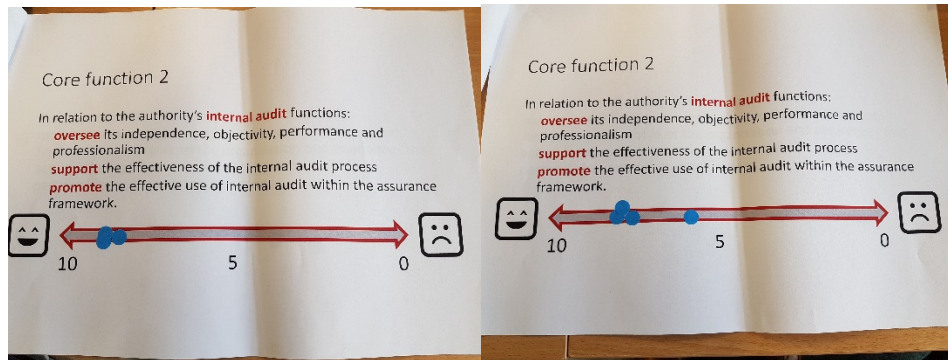
- Assurance statements need to be cascaded down through departments so that we can see sight of them
- Introduction of governance is never ending – it is up to audit to verify that governance is embedded – more confirmation that governance is embedded
- Procurement procedures knowledge – information to services (e.g. schools SLA's) – more joined up working
- Better understanding of the risk environment of the Council – regular access to eth Council Risk Register
- More scope for AC to request audits outside the normal cycle
- More information on impact – some evidence (e.g. schools audit school buildings but do not always have a full picture)

<ul style="list-style-type: none">• Taken action to address issues raised by audits• Schools audits went well	
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Core Function 2

In relation to the authority's **internal audit** functions:

- **oversee** its independence, objectivity, performance and professionalism;
- **support** the effectiveness of the internal audit process; and
- **promote** the effective use of internal audit within the assurance framework.



What's going well?

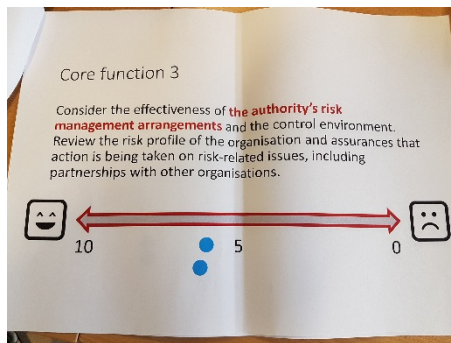
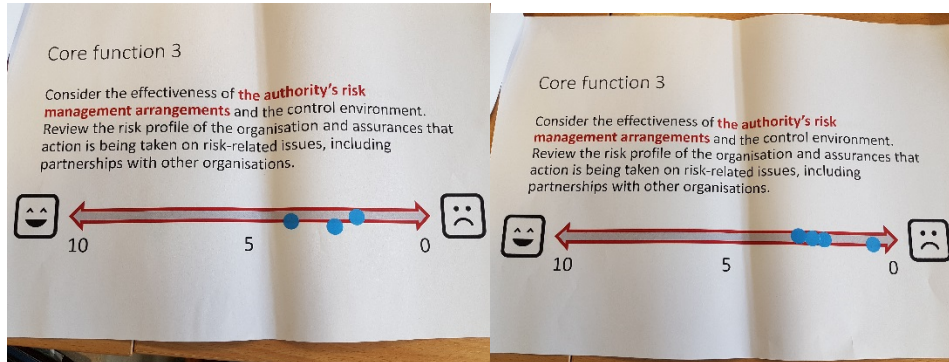
- Input of AC (Chair) in assisting internal audits
- Pick up issues on audit reports
- Generally, the AC has followed up on department weaknesses very well
- Improvement in achieving IA programme
- Schools audit system improved by initial school audit self-assessment
- Transparency of officers towards AC
- Clear examples of officers brought to committee being highlighted and referred on
- Close working relationship of Chief Auditor and Chair of Audit Committee
- The AC has supported IA as necessary
- Ensure correct staffing levels
- Monitor IA capacity and its impact

What could be better?

- Concern about maintaining independence (politics)
- I am not a supporter of internal audit or self-assessment – is it truly independent?
- Faster replacement of staff who leave, go sick, etc.
- IA programme achievement has been hampered by sickness and vacancies in previous years and slippage has been a concern
- I would prefer to see audit placed outside of Finance
- More special audits and fewer routine audits – better understanding of IA risk assessment process

Core Function 3

Consider the effectiveness of **the authority's risk management arrangements** and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.



What's going well?

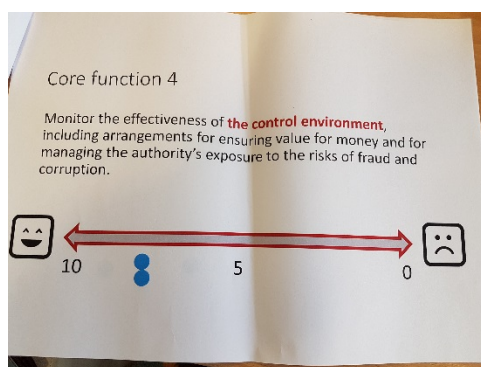
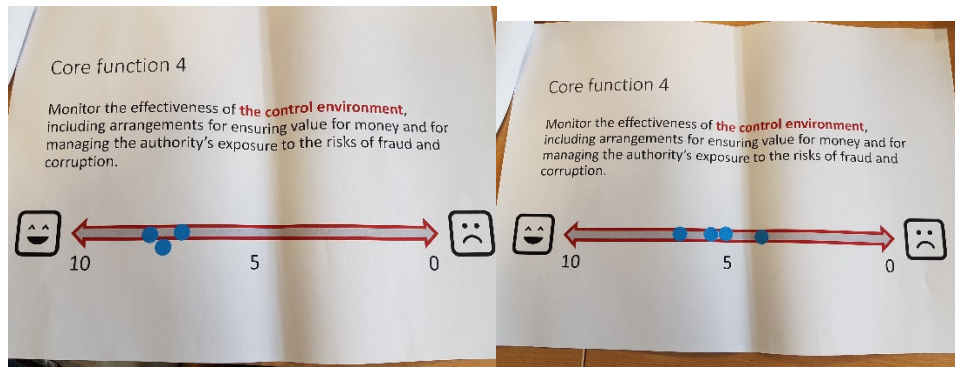
- Good assessment of known risks
- Given IA a higher profile
- Cascaded IT down to functions
- Trying to get a better understanding of the developing risk management process
- Tracking systems/keeping abreast of work programme achievements

What could be better?

- Risk management – sometimes risk becomes a barrier – common sense should prevail
- Not a lot of thinking about less obvious future risks
- Data and information not being shared and acted upon
- Actually have access to the Risk Register and be able to question officers about it
- We are still waiting for completion of the new risk management process
- Risk management not yet embedded

Core Function 4

Monitor the effectiveness of **the control environment**, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption.



What's going well?

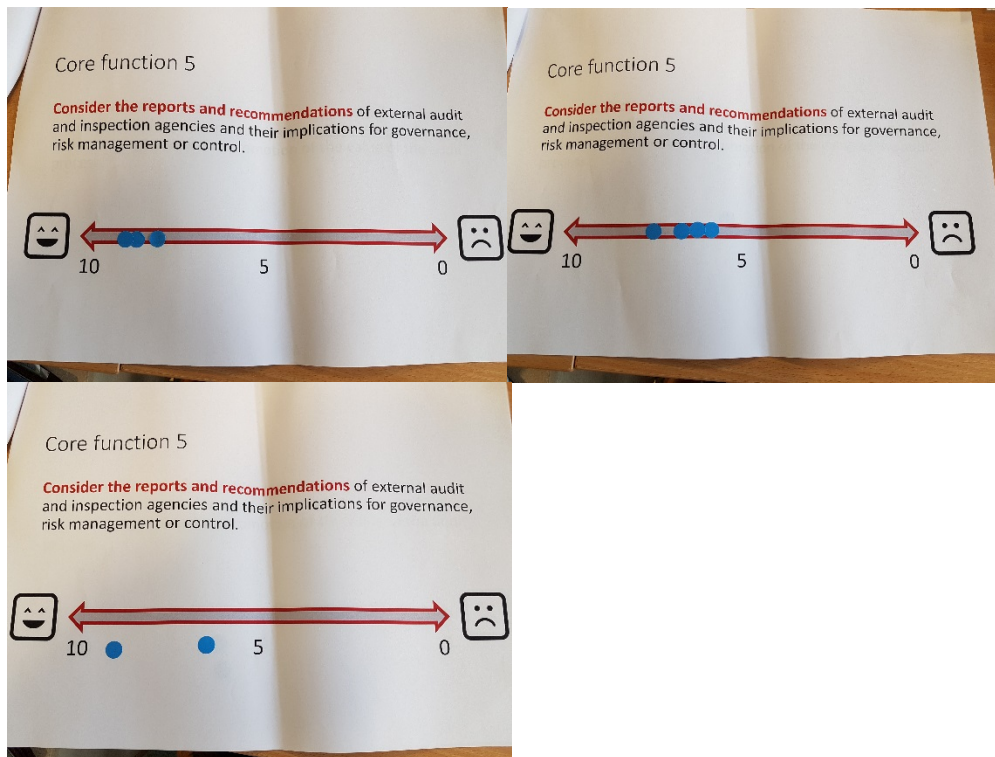
- We monitor it and are assured it is effective
- Monitoring of purchase cards
- Purchasing arrangements improved (paperless)
- Better controls of cash in place – better controls of accounting in place (access to accounts by leavers are no longer a problem)
- The new Fraud Team are well switched on and their track record shows that
- Satisfied that the new benefit fraud investigation process is practical and identifying such fraud
- Introduction of common IT system

What could be better?

- Still need greater detail to monitor progress of Section 106 agreements – limited information on database
- Delegation to officers (particularly in planning) raises the risk of corruption - Scrutiny has done work on this but not AC
- Awareness posters placed at locations of service areas.

Core Function 5

Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.



What's going well?

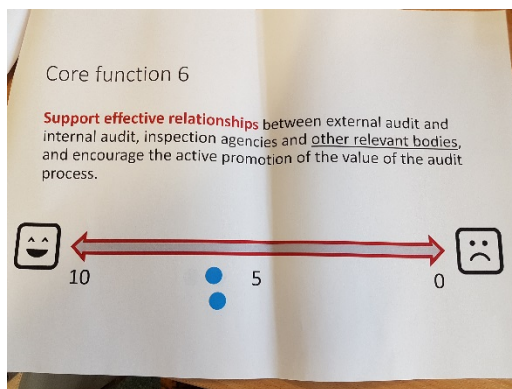
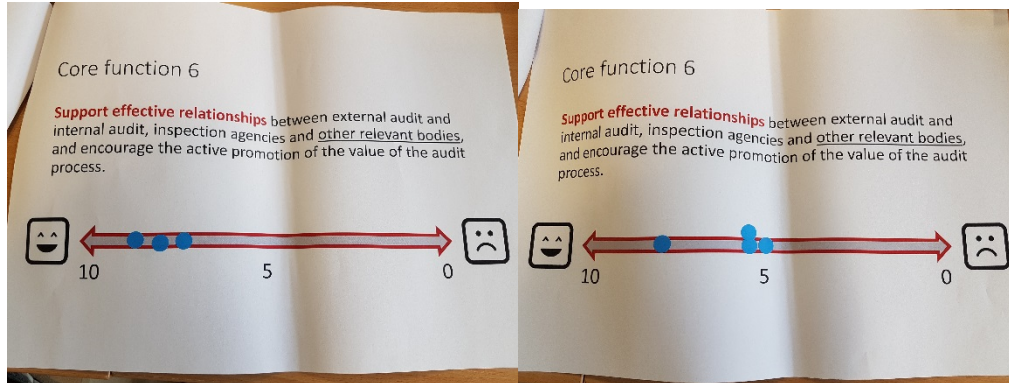
- Recommendations are discussed
- All external reports come to AC (except the ones we don't know about)
- WLGA interviewed most councillors on involvement/development – it was good

What could be better?

- Use members to follow up recommendations – take personal responsibility
- Tracking could be better – follow up of recommendations – 'we have to wait a whole year (interim reports)'
- Don't see all reports – Estyn, CSSIW
- Have to wait a year to see if recommendations were implemented
- Make a named councillor responsible for making sure any particular external recommendation is implemented
- No central tracker of recommendations

Core Function 6

Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.



What's going well?

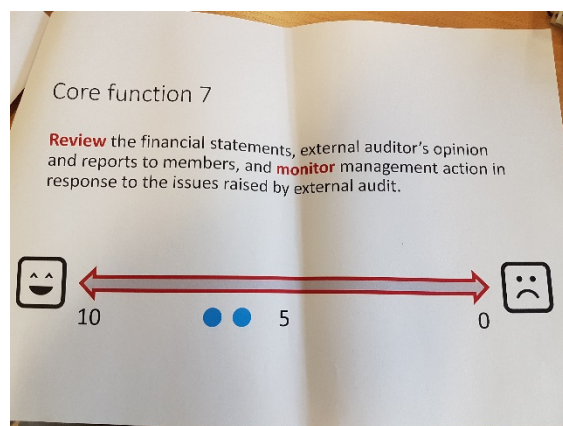
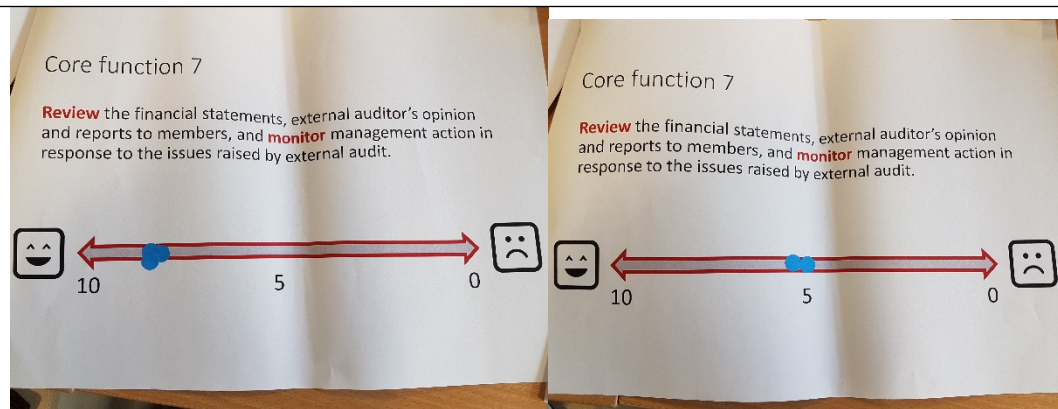
- Chair meets with internal and external audit
- Chair talks with external bodies
- Good link between AC and Scrutiny
- Relevant officers from external audit attend meetings
- Satisfied ourselves that currently effective relationships exist (evidence by the attendance and WAO reporting directly to the AC)
- Realisation that the effective relationships are left to IA and the Chair – presumably the committee would step in if there was an issue
- I always meet anyone or anything halfway with an open mind 0 if I think there is a bit of waffling I will speak up
- Ensuring the sharing of information is sued to promote the need f if good practice is being put in place

What could be better?

- Common practice throughout Wales
- Look at other sectors for good practice – avoid duplication
- Training with other organisations for ACs
- Assign a AC member to specialise in the work of a specific external body (this build expertise and reduces the load on the Chair)

Core Function 7

Review the financial statements, external auditor's opinion and reports to members, and **monitor** management action in response to the issues raised by external audit.



What's going well?

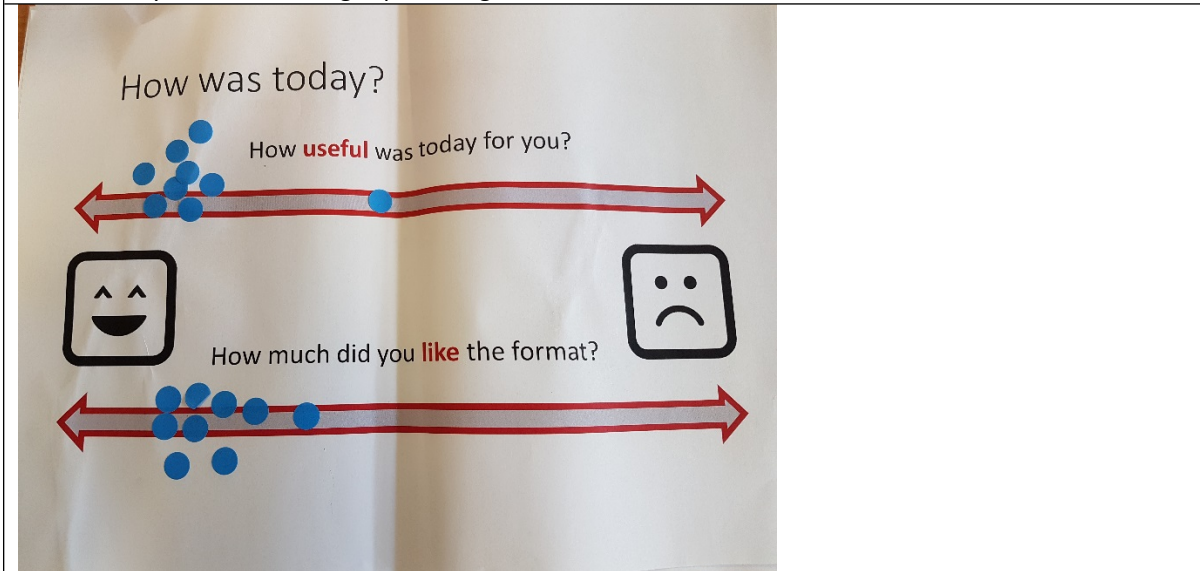
- Schools performance monitoring is good
- Auditor General provides and attends full Council and states good, bad and indifferent
- Recent record report say 20 recommendations with 15 complete and 4 in progress and 1 not complete
- Timescales for reports/information to be delivered on the follow up request

What could be better?

- Reduce the time management needs to implement a recommendation (and make it harder for management to refuse a recommendation – they should have to get AC agreement if they decide not to accept a recommendation with reasons why)
- We may fall down on monitoring management actions – how well are the actions implemented?

What would you.....	
Drop	Add
<ul style="list-style-type: none"> • Nothing • Noting • Duplication • Nothing • Nothing 	<ul style="list-style-type: none"> • More feedback and follow-up where appropriate • Follow-up information from Cabinet/officers • More systematic delegation by Chair • Greater involvement by all members of AC • Training with members of other ACs
Keep	Improve
<ul style="list-style-type: none"> • Trust • Regular internal team reporting • Everything • Independent Chair • Independence of Chair • Fraud reports • everything 	<ul style="list-style-type: none"> • Follow-up • Follow-up on recommendations • Attendance • Greater insistence that information should be provided as when required and officers turn up when requested to • Overlapping – presentations from departments

One Final Word
<ul style="list-style-type: none"> • Very useful and thought-provoking • A very good session – very active, insightful, clever • Thought-provoking • Useful – made us think of the work we do in audit • Informative • Curate's egg • Found it difficult to get into not knowing the format before today • Very useful and thought-provoking



Agenda Item 11

Report of the Chief Auditor

Special Audit Committee – 28 March 2017

AUDIT COMMITTEE - CORPORATE GOVERNANCE ISSUES

Purpose:	This report highlights some issues relating to the Corporate Governance Review completed by the WLGA which come under the terms of reference of the Audit Committee
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to form a view on the recommendations made in the Corporate Governance Review on issues within its terms of reference.
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that the Committee discusses the issues raised and formulates a response to the recommendations
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sandie Richards
Access to Services Officer:	Ann Williams

1. Introduction

- 1.1 In Autumn 2014, the Welsh Local Government Association (WLGA) facilitated a Peer Review of the City and County of Swansea and later in 2015 the Wales Audit Office completed its Corporate Assessment of the Council.
- 1.2 As part of the Council's response to the Peer Review and Corporate Assessment, the then Head of Legal and Democratic Services was tasked with completing a Corporate Governance Review and Rod Alcott of the WLGA was engaged to act as an external critical friend.
- 1.3 The report prepared by Rod Alcott was presented to the Audit Committee on 28 June 2016 and included a number of

recommendations which relate to issues which fall under the terms of reference of the Audit Committee

- 1.4 This report identifies the proposed action to be taken in response to those recommendations

2. Corporate Governance Review - Recommendations

- 2.1 The recommendations arising from the Corporate Governance Review which directly relate to issues which are the responsibility of the audit committee are shown below

- Develop criteria to measure the 'added value' being provided by Internal Audit as a means of demonstrating its corporate contribution
- Use the criteria to measure 'value added' to evaluate Internal Audit's contribution and inform future plans
- Expand the remit of the Audit Committee to include, for example, oversight of the Council's response to external regulator/peer review recommendations as a significant agenda item for the second six months of the municipal year
- Broaden the contribution to the Annual Governance Statement (AGS) by convening a representative group from across the organisation to meet quarterly to keep the AGS under review
- Produce a more succinct AGS document that contains hyperlinks to the relevant evidential documents.

- 2.2 The recommendations shown above cover 3 main issues i.e. added value provided by Internal Audit, remit of the Audit Committee and preparation of the Annual Governance Statement. Each issue is discussed in the following sections.

3. Internal Audit Added Value

- 3.1 Since the Corporate Governance report was received, attempts have been made to identify appropriate criteria to measure added value by Internal Audit but this has been largely unsuccessful.
- 3.2 A question was raised at the last meeting of the Welsh Chief Auditors Group but no Council in Wales measures added value by its Internal Audit Section.
- 3.3 Research has shown that there also appears to be no readily agreed definition of what added value means with publications adopting various and sometimes conflicting definitions.
- 3.4 However, it is proposed that the following definition of added value provided in the Glossary to the Public Sector Internal Auditing Standards should be adopted

‘Add Value – the internal audit activity adds value to the organisation (and its stakeholders) when it provides objective and relevant assurance and contributes to the effectiveness and efficiency of governance, risk management and control processes’

- 3.5 This means that in addition to providing assurance that risks are being adequately controlled, there is an expectation that Internal Audit will add value to an organisation by providing assurance that the processes in place will help the organisation to meet its strategic targets.
- 3.6 It is accepted that to add value, internal auditors have to go beyond the traditional methods of verifying compliance with policies and procedures and should identify and address risks which could prevent the Council achieving its objectives.
- 3.7 The types of questions that internal auditors should be asking in future are
- Is the Council doing the right things?
 - Is it doing things the right way?
 - Is it getting things done well?
 - Is it getting maximum benefit?
- 3.8 The Internal Audit Section is already attempting to raise the profile of the value it can add across the Council as the annual Consultation Exercise with all Heads of Service which is undertaken as part of the annual audit plan process includes a request for them to identify any pieces of work which would add value to their services. Some suggestions have been made by Heads of Service but this has been largely unsuccessful.
- 3.9 The overall conclusion of the research into criteria to measure the added value of Internal Audit is unsatisfactory as it has not been possible to identify a method to measure the value added by Internal Audit.
- 3.10 However, it is felt that some action can be taken by Internal Audit to raise the profile of the added value that it can provide across the Council and the following suggestions are put forward for discussion
- Raise the profile of what the Internal Audit Section can provide in terms of added value in the next Consultation Exercise in an attempt to generate suggestions for pieces of work from Heads of Service
 - Include an added value section in the Audit Brief document which is agreed with management prior to the commencement of each audit. This would allow management the opportunity to suggest pieces of work which would add value to their system or establishment

- Include a section on the added value provided in each audit report
- Include a section on added value provided in the quarterly monitoring report to the Audit Committee
- Include a section on added value provided in the Internal Audit Annual Report
- Continue to develop more cross-cutting audits which look at issues across the Council rather than routine compliance audits. This way of working has been developed in the Internal Audit Plan 2017/18 but can be developed further going forward.

4. Remit of Audit Committee

4.1 The remit of the Audit Committee is largely governed by the Local Government (Wales) Measure 2011 and the model terms of reference and core principles for an Audit Committee put forward by CIPFA

4.2 As demonstrated by the recent annual performance review of the Audit Committee facilitated by the Wales Audit Office, the Committee is providing sufficient assurance to the Council within its current terms of reference.

4.3 The suggestion made in the Corporate Governance Review is that the current remit of the Audit Committee should be widened so that it monitors any recommendations made by other external regulators or assurance providers. For example, this could include recommendations arising from the following

- WLGA Peer Review
- ESTYN
- CSSIW
- Public Service Ombudsman for Wales
- Welsh Language Commissioner
- Future Generations Commissioner for Wales
- The Older People's Commissioner for Wales
- The Children's Commissioner for Wales
- The Equality and Human Rights Commission

4.4 The Audit Committee are requested to provide their views on expanding the remit of the Audit Committee as recommended in the Corporate Governance Review report.

5. Annual Governance Statement

5.1 A representative group has been established to broaden the contribution to the Annual Governance Statement. The following staff have been nominated for the group

- Chief Finance and Deputy Section 151 Officer
- Interim Head of Legal and Democratic Services

- Head of Democratic Service
- Business Performance Manager
- Chief Auditor

5.2 The group will meet in the near future to discuss the draft Annual Governance Statement 2016/17 including the format of the Statement.

6 Equality and Engagement Implications

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

7. Financial Implications

7.1 There are no financial implications associated with this report.

8. Legal Implications

8.1 There are no legal implications associated with this report.

Background Papers: None

Appendices: None

Agenda Item 12

Report of the Chief Auditor

Special Audit Committee – 28 March 2017

AUDIT COMMITTEE – ACTION TRACKER

Purpose:	This report details the actions recorded by the Audit Committee and response to the actions.
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sandie Richards
Access to Services Officer:	Ann Williams

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

AUDIT COMMITTEE ACTION TRACKER 2016/17	
Action	Outcome
14/02/17 Min 63 – Audit Committee – Action Tracker	
The outcome relating to Councillor access to the Section 106 database be reopened due to insufficient information being available.	The action has been reopened pending further information being received from Planning. See Min 41 of meeting on 25/10/16 below - CLOSED
03/01/17 Min 55 – Wales Audit Office Annual Audit Letter 2015/16	
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
13/12/16 Min 45 – Training Presentation Risk Management	
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
13/12/16 Min 45 – Training Presentation Risk Management	
The presentation be circulated to the Committee	The presentation was circulated on 21/12/16 - CLOSED
13/12/16 Min 46 – Training Presentation Counter Fraud	
The presentation be circulated to the Committee	The presentation was circulated on 21/12/16 - CLOSED
13/12/16 Min 47 – Commercialism Strategy	
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.
13/12/16 Min 47 – Commercialism Strategy	
The presentation be circulated to the Committee	The presentation was circulated on 21/12/16 - CLOSED
13/12/16 Min 51 – Corporate Fraud Team Investigation Report	
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
25/10/16 Min 39 – Annual Report of School Audits 2015/16	
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

Action	Outcome
25/10/16 Min 39 – Annual Report of School Audits 2015/16	
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 attended the Audit Committee on 14/03/17 - CLOSED
25/10/16 Min 41 – Chair / Wales Audit Office Liaison Meeting	
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. A further request has been made to Planning identifying information members would like to receive regarding Section 106 agreements. The Chair will meet the Head of Planning and City Regeneration to discuss.
30/08/16 Min 25 – Internal Audit Monitoring Report Quarter 1 2016/17	
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
30/08/16 Min 26 – Corporate Fraud Team Plan 2016/17	
An update be provided to the Committee in 6 months	Update included on agenda for Committee meeting on 28/03/17
21/07/16 Min 18 – Internal Audit Monitoring Report Quarter 4 2015/16	
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
21/07/16 Min 18 – Internal Audit Monitoring Report Quarter 4 2015/16	
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
21/07/16 Min 18 – Internal Audit Monitoring Report Quarter 4 2015/16	
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

Action	Outcome
28/06/16 Min 8 – Corporate Governance Review Report	
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
28/06/16 Min 9 - Certification of Grants and Returns 2013/14 and 2014/15	
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
28/06/16 Min 9 - Certification of Grants and Returns 2013/14 and 2014/15	
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
28/06/16 Min 11 – YGG Lon Las Draft Response to Cabinet	
Additional comments be forwarded to the Chair/Chief Auditor	No further comments were received - CLOSED
28/06/16 Min 11 – YGG Lon Las Draft Response to Cabinet	
The updated report be forwarded to Cabinet	Report was presented to Cabinet on 19/01/17 - CLOSED
28/06/16 Min 12 – Final Audit Committee Annual Report 2015/16	
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
14/06/16 Min 5 – Audit Committee Training	
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

AUDIT COMMITTEE ACTION TRACKER 2015/16	
Action	Outcome
19/04/16 Min 79 – Internal Audit Charter 2016/17	
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
22/03/16 Min 72 – New Build for YGG Lon Las – Referral from Cabinet	
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
16/02/16 Min 63 - Risk Management Update	
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
16/02/16 Min 63 - Risk Management Update	
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
16/02/16 Min 64 – Recommendations Tracker Report 2014/15	
An update report on the level of write offs be added to the Workplan	Update provided to Audit Committee on 25/10/16 - CLOSED
16/02/16 Min 65 – Internal Audit Monitoring Report Quarter 3 2015/16	
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
16/02/16 Min 67 – Audit Committee Self-Assessment of Good Practice Questionnaire	
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
16/02/16 Min 70 – YGG Lon Las Lessons Learned – Referral from Cabinet	
Item be deferred to a Special Meeting of the Audit Committee	Report presented to Special Meeting held on 22 March 2016 - CLOSED
15/12/15 Min 52 – Briefing Cabinet Advisory Committee	
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

Action	Outcome
15/12/15 Min 53 – Chair Scrutiny Programme Committee	
The Chair of the Scrutiny Programme Committee be invited to a future meeting in order to provide an update report	The Chair of the Scrutiny Programme Committee is attending the meeting on 28/03/17
15/12/15 Min 56 – Risk Management Update	
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
15/12/15 Min 56 – Risk Management Update	
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
17/11/15 Min 47 – Housing Benefit Investigation Team Annual Report 2014/15	
An interim report be provided in 6 months	Corporate Fraud Team Annual Report was presented to Audit Committee on 30/08/16 - CLOSED
17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16	
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
17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16	
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
17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16	
The Chief Auditor circulates the details of the Section 106 Agreements follow up audit to the Committee	Details circulated 19/11/15 - CLOSED
17/11/15 Min 48 – Internal Audit Monitoring Report Quarter 2 2015/16	
The Chief Auditor circulates the link to the Section 106 Agreements database to the Committee	Link circulated 22/12/15 - CLOSED
20/10/15 Min 37 – Chair of Scrutiny Programme Committee	
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
20/10/15 Min 38 – Corporate Governance Review – Update	
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
20/10/15 Min 39 – Annual Report of School Audits 2014/15	
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

Action	Outcome
20/10/15 Min 40 – Audit Committee Annual Report 2014/15 Follow Up	
The Chief Auditor circulates the Audit Committee Knowledge and Skills Framework questionnaire to the Committee.	Framework circulated 19/11/15 - CLOSED
18/08/15 Min 17 - Presentation Corporate Fraud Team	
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
18/08/15 Min 20 - WAO Audit of Financial Statements Progress Report	
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
16/06/15 Min 9 - Internal Audit Monitoring Report Quarter 4 2014/15	
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 13

Report of the Chief Auditor

Special Audit Committee – 28 March 2017

AUDIT COMMITTEE – WORKPLAN

Purpose:	This report details the Audit Committee Workplan to May 2017 and a draft Workplan for 2017/18.
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sandie Richards
Access to Services Officer:	Ann Williams

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
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 Audit Committee – Corporate Governance Review Issues 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	Election of Chair and Vice Chair Audit Committee Initial Training Audit Committee Training Programme 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 Performance Review 2016/17 - Action Plan 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 Performance Review Action Plan 2016/17 - Update 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

Date of Meeting	Reports
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 Performance Review 2016/17 Action Plan - Update Audit Committee Review of Performance 2017/18 Audit Committee Action Tracker Report
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