

# **CITY AND COUNTY OF SWANSEA**

## **MINUTES OF THE AUDIT COMMITTEE**

**HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON  
TUESDAY, 20 JUNE 2017 AT 2.00 PM**

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

**Councillor(s)**

T J Hennegan  
L James  
L V Walton

**Councillor(s)**

B Hopkins  
P Jones  
T M White

**Councillor(s)**

O G James  
R V Smith

**Officer(s)**

Simon Cockings  
Jeremy Parkhouse  
Richard Rowlands  
Ben Smith  
Debbie Smith

Chief Auditor  
Democratic Services Officer  
Performance & Delivery Manager  
Head of Financial Services and Service Centre  
Deputy Head of Legal & Democratic Services.

**Apologies for Absence**

Councillor(s): C Anderson, P R Hood-Williams, M B Lewis and W G Thomas

1 **ELECTION OF CHAIR FOR 2017-2018 MUNICIPAL YEAR.**

**RESOLVED** that Mr A M Thomas be elected Chair for the 2017-2018 Municipal Year.

**(MR A M THOMAS PRESIDED)**

The Chair welcomed all Councillors to the Audit Committee and noted that he expected good attendance at meetings in order for the Committee to achieve its targets.

2 **ELECTION OF VICE-CHAIR FOR 2017-2018 MUNICIPAL YEAR.**

**RESOLVED** that Councillor L James be elected Vice-Chair for the 2017-2018 Municipal Year.

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

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared: -

Councillor L James – Minute No.9 – Audit Committee Annual Report – Governor of Bishopston School – personal.

Councillor T M White – Minute No.8 – Benefactor of Local Government Pension Scheme – personal.

4 **MINUTES.**

**RESOLVED** that the Minutes of the meetings of the Audit Committee held on 14 and 28 March 2016 be approved as correct records.

5 **TRAINING - INTRODUCTION TO AUDIT COMMITTEE.**

The Chair welcomed the new Members of the Audit Committee and introduced Ben Smith, Head of Finance and Section 151 Officer who provided the Committee with background information regarding the role of the Audit Committee.

In addition, he outlined the powers of the Section 151 Officer and highlighted good models of working for the Committee to follow. He made reference to the CIPFA definition of an Audit Committee and its role, whilst working in partnership with scrutiny. Furthermore, he outlined the role of external audit within the process.

The Committee discussed the issues raised and requested a description to accompany items within the Work Programme.

**RESOLVED** that: -

- 1) The contents of the training be noted;
- 2) A description to accompany items within the Work Programme be provided in future.

6 **TRAINING - RISK MANAGEMENT.**

Richard Rowlands, Strategic Delivery Unit Manager provided the Audit Committee with Overview Training on Risk Management. He stated that the purpose of the training was to introduce the principles of Risk Management to the Committee in order for Members to understand the arrangements within the City and County of Swansea.

Details included within the presentation were as follows: -

- What is risk?
- What is risk management?
- Risk management framework
- The risk management cycle
- Risk identification
- Risk evaluation
- Risk response
- Risk control
- Audit Committee – Key responsibilities

The Committee discussed the issues raised within the training presentation.

**RESOLVED** that: -

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

7 **WALES AUDIT OFFICE UPDATE REPORT.**

Geraint Norman and Samantha Clements, Wales Audit Office presented an update – June 2017 report.

Details were provided regarding Financial Audit Work 2016-17 - City & County of Swansea Pension Fund, Financial Audit Work 2016-17 – City & County of Swansea, Performance Audit work – City & County of Swansea.

The Committee commented regarding Wales Future Generations Act year one commentary and Estyn reports.

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

8 **WALES AUDIT OFFICE - SAVINGS PLANNING REPORT - CITY & COUNTY OF SWANSEA.**

Samantha Clements and Geraint Norman, Wales Audit Office presented the Savings Planning report – City and County of Swansea. It was outlined that the review focussed on answering: 'Do the council's financial savings planning arrangements support financial resilience?'

She highlighted the proposals for improvement, savings achievement 2015-16, financial planning arrangements and savings plan 2016-17. She commented that the overall conclusion was that the Council had sound planning but there were risks.

Discussions followed in relation to the work of the Service Improvement and Finance Scrutiny Panel, management response in relation to the report, budget monitoring, lessons learned from the report, concerns in relation to the financial gap within the Medium Term Financial Plan and the need to move budgeting away from an annual focus.

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

9 **AUDIT COMMITTEE ANNUAL REPORT 2016/17.**

The Chair presented the final Audit Committee Annual Report for the 2016/17 Municipal year. He added that he would present the report to Council in either August or September 2017.

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

10 **AUDIT COMMITTEE DRAFT TRAINING PROGRAMME.**

The Chief Auditor presented at Appendix 1 the Audit Committee Draft Training Programme for 2017/18. A summary of the details of the core knowledge required was provided at Appendix 2.

**RESOLVED** that the Audit Committee Training Programme for 2017-18 be noted and approved.

11 **INTERNAL AUDIT ANNUAL PLAN 2016/17 QUARTER 4 MONITORING REPORT.**

The Chief Auditor presented the Internal Audit Monitoring Report for the period 1 January 2017 to 31 March 2017.

It was outlined that due to the Chief Auditor's retirement at the end of March 2017, plans were put in place to allow the implementation of the Audit Section's restructure from April 2017. Competitive interviews took place resulting in the appointment of one of the Senior Auditors as the new Principal Auditor. This had resulted in the loss of one full time equivalent post from 2017/18 onwards.

It was added that the Internal Audit Section had continued to experience moderate levels of sickness in the 4<sup>th</sup> Quarter of 2016/17, with a total of 21 days. The total number of sick days taken in the since 1 April 2016 was 220 days against an annual budget of 80 days. As previously reported, most of the sickness in the year was due to a condition experienced by one member of staff.

A total of 27 audits were finalised during Quarter 4 and these were listed at Appendix 1. A total of 230 audit recommendations were made and management agreed to implement 229 recommendations i.e. 99.6% against a target of 95%. The one recommendation that was not agreed was classed as low risk.

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

- Education Improvement Grant Q3 2016/17 - 1,987,423

Significant issues which led to the two moderate ratings issued in the quarter were provided for Youth Offending Service and Employment of Agency Staff.

An analysis of the details in Appendix 2 showed that by the end of March 2017, approximately 72% of the Audit Plan was either completed or in progress which is excellent progress, particularly in view of the levels of sickness experienced in year.

The schools self-assessment questionnaire was sent to 28 primary schools due for audit in 2016/17 during Quarter 1 and by the end of the March 2017, 26 completed questionnaires had been returned. Work was ongoing to chase the return of the outstanding questionnaires. Some of the schools that responded late were due to be audited in Q1 2017/18.

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Cont'd

It was added that no follow ups were required between 1 January 2017 to 31 March 2017.

The Committee discussed the need to closely monitor staffing and work levels within the Audit Section, risk management and the positive result arising from the work.

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

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

The Audit Committee Work Plan was reported for information.

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

The Audit Committee Tracker Report was provided for information.

The meeting ended at 4.06 pm

**CHAIR**