



City and County of Swansea

Notice of Meeting

You are invited to attend a Meeting of the

Audit Committee

At: Committee Room 5, Guildhall, Swansea

On: Tuesday, 26 September 2017

Time: 2.00 pm

Chair: Mr Alan M Thomas

Membership:

Councillors: C Anderson, T J Hennegan, P R Hood-Williams, B Hopkins, O G James, L James, P Jones, J W Jones, M B Lewis, S Pritchard, W G Thomas, L V Walton and T M White

Agenda

Page No.

- | | | |
|-----------|---|----------------|
| 1 | Apologies for Absence. | |
| 2 | Disclosures of Personal and Prejudicial Interests.
www.swansea.gov.uk/disclosuresofinterests | |
| 3 | Minutes.
To approve & sign the Minutes of the previous meeting(s) as a correct record. | 1 - 6 |
| 4 | External Audit Training - Wales Audit Office. | |
| 5 | Wales Audit Office ISA 260 Report 2016/17 - City and County of Swansea. | 7 - 22 |
| 6 | Wales Audit Office ISA 260 Report 2016/17 - Pension Fund. | 23 - 38 |
| 7 | Annual Report of School Audits 2016/17. | 39 - 55 |
| 8 | Chief Education Officer Response to Annual Report of School Audits 2016/17. (Verbal) | |
| 9 | Audit Committee Action Tracker Report. (For Information) | 56 - 64 |
| 10 | Audit Committee Work Plan. (For Information) | 65 - 67 |

Next Meeting: Thursday, 9 November 2017 at 2.00 pm

Huw Evans

Huw Evans
Head of Democratic Services
Tuesday, 19 September 2017
Contact: Democratic Services

CITY AND COUNTY OF SWANSEA

MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 5, GUILDHALL, SWANSEA ON
TUESDAY, 8 AUGUST 2017 AT 2.00 PM

PRESENT: Mr A M Thomas (Chair) Presided

Councillor(s)

C Anderson
O G James
S Pritchard

Councillor(s)

T J Hennegan
L James
L V Walton

Councillor(s)

P R Hood-Williams
J W Jones
T M White

Officer(s)

Simon Cockings
Talfryn Davies
Kate Jones
Debbie Smith

Chief Auditor
Corporate Fraud Manager
Democratic Services Officer
Interim Deputy Head of Legal , Democratic Services and
Business Intelligence.

Also Present: -

Aneesa Ali Wales Audit Office
Lucy Herman Wales Audit Office

Apologies for Absence

Councillor(s): B Hopkins, M B Lewis and W G Thomas

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

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

Councillor T M White – Minute No. 28 – Letters of Representation 2016/17 – Benefactor of Local Government Pension Scheme and Member of the Pension Board – personal.

Councillor P R Hood-Williams – Minute No. 25 – Internal Audit Annual Report 2016/17 – Governor of Crwys Primary School – personal.

22 **MINUTES.**

RESOLVED that the Minutes of the meetings of the Audit Committee held on 20 June 2017 and 11 July 2017 be approved as correct records.

23 **GOVERNANCE TRAINING.**

Debbie Smith, Interim Deputy Head of Legal, Democratic Services & Business Intelligence provided the Audit Committee with Overview Training on Governance.

Details included within the presentation were as follows: -

- Principles of Public Life
- Upholding Ethical Standards – Members
- Upholding Ethical Standards – Officers
- Education/Training
- Whistleblowing
- How does the Council Respond?

The Committee discussed the issues raised within the training presentation.

RESOLVED that the contents of the training presentation be noted.

24 **INTERNAL AUDIT TRAINING.**

Simon Cockings, Chief Auditor, provided the Audit Committee with Internal Audit Training. The training was to give an overview of the key principles of the Public Sector Internal Audit Standards and Arrangements in Swansea.

The training comprised of the following: -

- Public Sector Internal Audit Standards (PSIAS)
 - Purpose of PSIAS
 - What do the PSIAS Contain?
- Compliance with PSIAS
 - Local Government Application Note
 - External Review of Compliance
- Internal Audit In Swansea
 - The Team
 - The Work
- Internal Audit Reviews
- Contacts and Resources

The Committee discussed the issues raised with the training.

RESOLVED that the contents of the training be noted.

25 **INTERNAL AUDIT ANNUAL REPORT 2016/17.**

The Chief Auditor presented a report which reviewed the work of the Internal Audit Section during 2016/17 and included the Chief Auditor's required opinion on the internal control environment for 2016/17 based on the audit testing completed in the year.

A summary of time spent in 2016/17 on the different categories of Internal Audit work was provided in Appendix 1 to the report. There had been a reduction of 170 days (6.2%) in the actual productive audit days achieved against the planned number of productive days.

The loss of productive days was mainly due to the increased level of sickness (+156 days) and a vacant post which was held vacant for longer than originally planned

(+25 days). The overall loss in productive days had been reduced by the use of the contingency (80 days) and reduced staff training (24 days).

The original Internal Audit Annual Plan 2016/17 contained 167 audit jobs, of which 83 (50%) were completed to at least draft report stage during the year while a further 38 audits were in progress as at 31/03/17. Taking into account those audits that were in progress at the end of the year, 72% of the audit jobs in the Annual Plan 2016/17 had been completed or were in progress as at 31/03/17.

A complete list of each audit finalised during 2016/17 along with the level of assurance and the number of recommendations made and accepted was shown in Appendix 2 to the report.

The amount of time spent on special investigations increased from 40 days in 2015/16 to 85 days in 2016/17. A summary of the main investigations along with other areas of work undertaken by Internal Audit in 2016/17 was provided.

The Chief Auditor provided information on the Quality Assurance & Improvement Programme as well as the Statement of Organisational Independence. Committee Approval was sought to undertake the external assessment in Swansea during quarter 3 of 2017/18 and the preferred method was a self-assessment review subject to an external validation using the peer review group established by the Welsh Chief Auditors Group. Details of the summary of the self-assessment review of conformance against the PSIAS was undertaken during June/July 2017 by the Chief Auditor, was provided in Appendix 4 to the report. The self-assessment indicated that the Audit Department was 94% compliant with the Standards, with 315 of the 334 best practice lines in the Standards being in place. Details of the Quality Assurance & Improvement Programme report and action plan for 2017/18 were also provided at Appendix 5 to the report.

Details of follow ups, performance indicators, and Internal Control Opinion were also provided. This included the opinion of the Chief Auditor who stated:-

'Overall, based on the audit testing completed in 2016/17, I am satisfied that Internal Audit can provide reasonable assurance that the systems of risk management, internal control and governance established by the Council are operating effectively and that no significant weaknesses were identified in 2016/17 which would have a material impact on the Council's financial affairs or the achievement of its objectives.'

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

- Challenge of managing the work plan alongside issues arising (i.e. sickness) and limited resources
- Policy regarding stress related sickness
- Despite a decrease in the number of productive days, 72% of the audit jobs outlined in the Annual Plan 2016/17 had been completed
- Ensure that the Annual Plan is realistic with the resources available
- During the year, 98% of recommendations made by Audit were accepted by clients

- Process for dealing with recommendations not accepted
- Some of the Performance Indicators were very positive
- Time taken to receive responses from Clients
- Communication of audits where departments are performing well to highlight the good work undertaken by both Audit and the Department itself
- Training for Audit Staff

RESOLVED that: -

- 1) the contents of the report be noted; and
- 2) The preferred approach to external assessment as set out in Paragraph 5 of the report be approved.

26 **CORPORATE FRAUD ANNUAL REPORT 2016/17.**

The Corporate Fraud Manager presented a summary of the work completed by the Corporate Fraud Team in 2016/17.

The Corporate Fraud Manager noted some amendments to the report and apologised for that requirement. The Committee was provided with a Table of Amendments to the report.

The Chair provided a background to the Corporate Fraud Team.

The Corporate Fraud Manager highlighted some Headline Figures and Headline Activities undertaken by the Team.

The total value of savings achieved exceeded £368,500, as outlined in the Table of Amendments, which showed excellent progress by the Team in its second year of operation. Appendix 1 to the report, as amended, detailed the total savings further showing the amount of Actual Savings and Theoretical Savings and the split between cases investigated as part of the Joint Working pilot with the DWP and cases investigated solely by the Corporate Fraud Team.

The number of cases investigated to date by the Team which at the end of March 2017 stood at 278.

During 2016/17 there had been the number of employee cases referred to the Team for investigation. The Table of Amendments provided that savings of just over £108,000 were achieved from 26 employee cases in respect of 50 employees which was a good indication that the work of the Team was valued across the Council. Headline figures, as amended, for employee cases for 2016/17 were provided.

Headline Activities included the following: -

- Fraud Awareness
- Revised Corporate Induction Training
- Updated relevant Corporate Policies
- Guide to preparing witness-type statements
- Reviewed Direct Payment Forms
- Delivered Tenancy Fraud Key Amnesty

- External Audit undertaken on the use of DVLA data
- Commenced Participation in the National Fraud Initiative 2016
- Continued Participation in LA/DWP Joint Working Pilot
- Continued to evaluate, consider and investigate a diverse range of referrals in respect of abuse, misuse and fraud

The following 'significant' investigations / cases, as amended, concluded in 2016/17 were highlighted: -

- Personnel - Community Waste Recycling Site
- Personnel – Unauthorised Absences
- Personnel – Employee working whilst on sick leave
- Fake Goods

The Committee asked a number of questions of the Corporate Fraud Manager, who responded accordingly. Discussions centred around the following: -

- Joint Working Pilot with DWP
- Vast areas of work covered by Corporate Fraud Team
- Raising awareness of the Corporate Fraud Team
- Financial recompense for joint working cases
- National Fraud Initiative data matching exercise ongoing at present
- Greater clarity, explanation and emphasis on the difference between actual and theoretical savings in future reporting.
- Ways of displaying outcomes achieved by the Corporate Fraud Team which aren't quantifiable.

RESOLVED that the contents of the report alongside the Table of Amendments be noted.

27 **INTERNAL AUDIT MONITORING REPORT QUARTER 1 2017/18.**

The Chief Auditor presented the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2017 to 30 June 2017.

It was outlined that following the former Chief Auditor's retirement at the end of March, and subsequent restructure of the Audit Section that there would be a loss of one full time equivalent post from 2017/18 onwards. The Internal Audit Section had also continued to experience high levels of sickness in the 1st Quarter of 2017/18 with a total of 46 days against an annual budget of 80 days.

A total of 20 audits were finalised during Quarter 1. The audits finalised were listed in Appendix 1 to the report, which showed the level of assurance given at the end of the audit and the number of recommendations made and agreed. A total of 195 audit recommendations were made and management agreed to implement 194 recommendations i.e. 99% against a target of 95%. The one recommendation that was not agreed was classed as low risk.

Appendix 2 to the report, showed each audit included in the Plan approved by Committee in March and identified the position of each audit as at 30 June 2017. An analysis of the details in Appendix 2 to the report, showed that by the end of June

2017 approximately 31% of the Audit Plan was either completed or in progress which was as expected at the end of the first quarter in the year.

Details of additional work undertaken by the Internal Audit Section, self-assessment questionnaire sent to schools and follow ups completed between 1 April 2017 and 30 June 2017 were outlined.

RESOLVED that the contents of the report be noted.

28 **LETTERS OF REPRESENTATION 2016/17.**

The Letters of Representation 2016/17 were reported for information.

It was noted that Letters of Representation would be reported to Audit Committee earlier in the future.

29 **AUDIT COMMITTEE ACTION TRACKER REPORT.**

The Audit Committee Action Tracker Report was provided for information.

30 **AUDIT COMMITTEE WORK PLAN.**

The Audit Committee Work Plan was reported for information.

The meeting ended at 4.12 pm

CHAIR



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – **City & County of Swansea**

Audit year: 2016-17

Date issued: September 2017

Document reference: **484A2017**

This document has been prepared as part of work performed in accordance with statutory functions.

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 and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

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.

Contents

The Auditor General intends to issue an unqualified audit report on your 2016-17 financial statements, however there are some issues to report to you prior to their approval.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	4
Significant issues arising from the audit	5
Recommendations arising from our 2016-17 financial audit work	6
Independence and objectivity	6

Appendices

Appendix 1 – Final Letter of Representation	7
Appendix 2 – Proposed audit report of the Auditor General to the Members of the City & County of Swansea	10
Appendix 3 – Summary of corrections made to the draft financial statements	13
Appendix 4 – Recommendations arising from our 2016-17 financial audit work	14

Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of City & County of Swansea (the Council) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for the Council are £8.4 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and reader sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the 2016-17 financial statements of the Council (including its Group), that require reporting under ISA 260. A separate report has been issued covering the City & County of Swansea Pension Fund.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 14 June 2017, prior to the deadline of 30 June 2017, and have now substantially completed our audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. We have already discussed these issues with the Head of Financial Services and Service Centre (the Section 151 officer).

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on your 2016-17 financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#). The proposed audit report is set out in [Appendix 2](#).

Significant issues arising from the audit

Uncorrected misstatements

- 9 There are no 'non-trivial' misstatements identified in the financial statements which have not been corrected by management.

Corrected misstatements

- 10 There were a number of misstatements which have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. These are set out with explanations in [Appendix 3](#). These amendments had no impact on the net expenditure or net assets of the Council.

Other significant issues arising from the audit

- 11 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you:
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** As was the case last year, we found the financial statements were compiled to a good standard. We found the information provided to be relevant, reliable, comparable and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear. We will hold a post project learning meeting with the Council's Finance Team later in the year to improve the efficiency of the compilation and audit processes. A key challenge for the Council and us will be the statutory earlier closure deadline of 31 May and audit deadline of 31 July from 2020-21. To ensure we are well placed to meet the earlier deadlines the Council and ourselves will agree a plan to incrementally bring forward the accounts closure and audit over the next few years.
 - **We did not encounter any significant difficulties during the audit.** We generally received information in a timely and helpful manner and were not restricted in our work. We did however identify that the Council's working papers and responses to our audit queries for Borrowing could be improved in 2017-18.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.** We planned and performed our audit to address the financial statement risks as reported within our 2017 Audit Plan. No significant issues were identified from the audit of these areas.

- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls although we have identified some significant issues to report to you.**
During 2016-17, the Council has continued to make progress in improving its arrangements for capital accounting. However, there are a number of areas where further work is required in 2017-18. [Appendix 4](#) sets out our detailed findings and recommendations.
- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Recommendations arising from our 2016-17 financial audit work

- 12 The recommendations arising from our financial audit work are set out in [Appendix 4](#). Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Independence and objectivity

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 As reported in our Audit Outline there is one independence issue for which we put in place additional audit controls. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of City & County of Swansea for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the City & County of Swansea

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Members of the City & County of Swansea on 28 September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Head of Financial Services and Service
Centre (S151 Officer)

Date:

Signed by:

Chair of the Council

Date:

Appendix 2

Proposed audit report of the Auditor General to the Members of the City & County of Swansea

I have audited the accounting statements and related notes of:

- the City & County of Swansea;
- the City & County of Swansea Group; and
- the City & County of Swansea Pension Fund;

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

The City & County of Swansea's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The City & County of Swansea Group's accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The City & County of Swansea Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 186, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City & County of Swansea's Group accounting statements and the City & County of Swansea Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the City & County of Swansea and the City & County of Swansea Group and the City & County of Swansea Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of

significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the City & County of Swansea

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City & County of Swansea as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of the City & County of Swansea Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City & County of Swansea Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of the City & County of Swansea Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of the City & County of Swansea Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the City & County of Swansea in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

29 September 2017

Appendix 3

Summary of corrections made to the draft financial statements

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction
£22 million	Borrowing (Note 18) The following classification errors were identified in Note 18 of the draft financial statements: <ul style="list-style-type: none">£22 million of short-term borrowing from other authorities was incorrectly classified as Public Works Loan Board (PWLB).£9 million of PWLB loans were incorrectly classified as long-term borrowing. These loans are due to mature within twelve months.£2 million of long-term borrowing from other institutions including Welsh Government was incorrectly classified as PWLB.
£9 million	
£2 million	
£1 million	Grant Income (Note 32) Note 32 of the draft financial statements incorrectly disclosed £1 million of grant income received by the Council as relating to 'Vibrant and Viable Places' rather than 'other grants and contributions'.
Various	Various other minor presentational amendments were made to the draft financial statements. These amendments included a number of minor changes and additional disclosures to the Officers' remuneration set out in Note 30.

Appendix 4

Recommendations arising from our 2016-17 financial audit work

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 2: recommendations arising from our 2016-17 financial audit work

Matter arising 1 – Capital Accounting	
Findings	<p>During 2016-17, the Council has continued to make progress in improving its arrangements for capital accounting. However, there are a number of areas where further work is required in 2017-18 including:</p> <ul style="list-style-type: none">• the Council's approach to the revaluation of Schools requires review to ensure that the correct guidance is consistently applied across the asset base.• the Council is unable to fully reconcile its Revaluation Reserve to the net historical cost of its assets.• the Council holds the deeds for a number of assets but these have yet to be registered with the Land Registry. These records should be systematically updated with the Land Registry in conjunction with the revaluation programme.• the Council needs to formally review the valuation methods used for all significant assets held by Group subsidiaries and assess the difference between the valuation methods used by the subsidiaries and the valuation methods set out in the Council's accounting policies.• the Council's asset registers are spreadsheet based which takes significant officer time to maintain. A more efficient approach to capital accounting needs to be implemented if early closure deadlines are to be met in future.
Priority	High
Recommendation	The Council needs to continue to improve its capital accounting arrangements in 2017-18 across a number of areas.
Benefits of implementing the recommendation	Implementation of the recommendation would improve capital accounting arrangements.
Accepted in full by management	Yes

Matter arising 1 – Capital Accounting**Management response**

There is an accepted need to strengthen further still a number of aspects of capital accounting as set out above. The findings are accepted and steps will be taken to address these where practicable and proportionate to do so.

Implementation date

Throughout 2017-18 in time for 2017-18 Statement of Accounts compilation

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – City and County of Swansea Pension Fund

Audit year: 2016-17

Date issued: September 2017

Document reference: 117A2017-18

This document has been prepared as part of work performed in accordance with statutory functions.

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 and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

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.

Contents

The Auditor General intends to issue an unqualified audit report on the City and County of Swansea Pension Fund's 2016-17 financial statements, however, there are some issues to report to you prior to their approval.

Summary report

Introduction	4
Status of the audit	4
Proposed audit report	4
Significant issues arising from the audit	5
Recommendations arising from our 2016-17 financial audit work	6
Independence and objectivity	6

Appendices

Appendix 1 – Final Letter of Representation	7
Appendix 2 – Auditor General for Wales' report to the Members of the City and County of Swansea	10
Appendix 3 – Summary of corrections made to the draft financial statements	13
Appendix 4 – Recommendations arising from our 2016-17 financial audit work	14

Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of the City and County of Swansea Pension Fund (the Pension Fund) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The gross assets controlled by the Pension Fund amount to £1.8 billion. The quantitative levels at which we judge such misstatements to be material for the Pension Fund are £18.6 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and reader sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of the Pension Fund, for 2016-17 that require reporting under ISA 260. A separate report has been issued covering the City and County of Swansea and the City and County of Swansea Group.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 6 June 2017, prior to the agreed deadline of 30 June 2017, and have now substantially completed our audit work.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. We have already discussed these issues with the Head of Financial Services and Service Centre.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the Pension Fund's 2016-17 financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#). The Pension Fund is included within the Council's main financial statements and therefore the opinion shown is that proposed for the Council's main financial statements incorporating the Pension Fund.

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no 'non-trivial' misstatements from our audit which have not been corrected by management.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#). These amendments had no impact on the Fund Account but the value of investments in the Net Assets Statement was increased by £2.3 million. There were also a number of other presentational amendments made to the draft financial statements arising from the audit.

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you.
- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear.
 - **We did not encounter any significant difficulties during the audit.** We received information in a timely and helpful manner and were not restricted in our work.
 - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
 - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
 - **We did not identify any material weaknesses in your internal controls** However, we have identified that controls over year-end reconciliations between payroll and the pensions systems can be improved. Further details are set out in [Appendix 4](#).
 - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Recommendations arising from our 2016-17 financial audit work

- 13 The recommendations arising from our financial audit work are set out in [Appendix 4](#). Management has responded to them and we will follow up progress on them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Independence and objectivity

- 14 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 15 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Council and the Pension Fund that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of the City and County of Swansea Pension Fund (the Pension Fund) for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- our knowledge of fraud or suspected fraud that we are aware of and that affects the Pension Fund and involves:

- management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
 - our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the City and County of Swansea

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Members of the City and County of Swansea on 28 September 2017.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been

communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Head of Financial Services and Service
Centre (S151 Officer)

Date:

Signed by:

Chair of the Council

Date:

Appendix 2

Auditor General for Wales' report to the Members of the City and County of Swansea

I have audited the accounting statements and related notes of:

- the City and County of Swansea;
- the City and County of Swansea Group; and
- the City and County of Swansea Pension Fund

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

The City and County of Swansea's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The City and County of Swansea Group's accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The City and County of Swansea Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 194, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City and County of Swansea's Group accounting statements and the City and County of Swansea Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the City and County of Swansea and the City and County of

Swansea Group and the City and County of Swansea Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the City and County of Swansea

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City and County of Swansea as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of the City and County of Swansea Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the City and County of Swansea Group as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of the City and County of Swansea Pension Fund

In my opinion, the Pension Fund accounts and related notes:

- give a true and fair view of the financial transactions of the City and County of Swansea Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the City and County of Swansea in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

29 September 2017

Appendix 3

Summary of corrections made to the draft financial statements

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: Summary of corrections made to the draft financial statements

Value of correction	Nature of correction
+£2,444,000	The HarbourVest private equity fund was undervalued by £2,444,000 in the draft financial statements. Due to HarbourVest's 90-day reporting period, the Council used an estimated figure provided by HarbourVest. This amendment increased the value of investments in the Net Assets Statement by £2,444,000.
-£100,000	The Aegon AVC fund (which is a disclosure note and is not part of the Pension Fund) was overstated by £100,000 in the draft financial statements. Last year's valuation was used as the required information from Aegon, was not received until after the draft financial statements were prepared. This amendment did not impact on the Net Assets Statement as it is not part of the Pension Fund.
-£113,812	The valuation of Partners Group Investments was overstated by £113,812 in the draft financial statements. The Council used an estimated figure within the draft financial statements due to the late receipt of the SICAR Investment Report. This amendment decreased the value of investments in the Net Assets Statement by £113,812.
Various	The related parties note was updated to include a disclosure on key management personnel. This is a requirement of CIPFA's Code.
Various	Various other minor presentational amendments were made to the draft financial statements.

Appendix 4

Recommendations arising from our 2016-17 financial audit work

We set out our recommendations arising from our audit with management's response. We will follow this up next year:

Exhibit 2: matter arising 1: membership numbers

Matter arising 1 – Membership numbers	
Findings	<p>As reported last year, there was a net difference of 232 member numbers between the closing balance 2015-16 as reported in last year's financial statements and the opening balance for 2016-17 as produced by the membership numbers report produced from the pension systems (Note 21).</p> <p>Information is received from admitted and scheduled bodies relating to the previous financial year throughout 2016-17. The membership numbers report detailing the 2016-17 opening balances was generated on 22 May 2017. The pension database is a 'live' system, opening and closing balances are updated as information is received from external bodies by the administration team. Consequently, timing differences arise in relation to opening and closing balances dependent upon when membership number reports are generated. Throughout 2016-17, admitted and scheduled bodies were encouraged to provide more up-to-date information on deferred pensioner numbers dating back to 2013 to ensure that membership numbers recorded on the pension database were accurate.</p>
Priority	High.
Recommendation	The Council should remind all external bodies of the importance of providing accurate and timely information to the administration team to ensure the accuracy of the figures within the Pension Fund database.
Benefits of implementing the recommendation	Implementation of the recommendation would improve the reconciliation, reporting of and monitoring of membership numbers within the Council and associated bodies.
Accepted in full by management	Yes.
Management response	In line with reminders regarding year-end reconciliation, employers will also be reminded of the necessity of timely notification of accurate member data.
Implementation date	September 2017.

Exhibit 3: matter arising 2: reconciliation of the ALTAIR Database

Matter arising 2 – Reconciliation of the ALTAIR Database	
Findings	As reported last year, there have been delays in completing the year-end reconciliation of the ALTAIR (pensions) database to the payroll systems of some admitted bodies. The reconciliation work has been delayed this year for a number of reasons including a slow response rate from admitted bodies, staff absences and issues arising from the introduction of I-Connect software to interface the payroll and pensions systems.
Priority	High.
Recommendation	The Council must complete the year-end reconciliation of the ALTAIR database to the various payroll systems as soon as possible. Differences need to be resolved with admitted bodies. The Council also needs to reconcile its own records following the introduction of I-Connect.
Benefits of implementing the recommendation	Implementation of the recommendation would resolve any differences between the Council's records and those held by admitted bodies. This would improve the quality of the information held within the database.
Accepted in full by management	Yes.
Management response	Work is continuing with four of the employers to on-board them to i-Connect. It should be noted that resource has to be provided by the employer for this to be achieved. There is already regular communication with employers regarding the timeliness of submitting data and training offered each year with regard to year-end reconciliation - further training will be built in to the employers' meeting due to be held in February 2018. The Pension Section will work with the Council to reconcile data provided through i-Connect.
Implementation date	April 2018.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



Report of the Chief Auditor

Audit Committee – 26 September 2017

Annual Report of School Audits 2016/17

Purpose:	This report provides a summary of the school audits undertaken by the Internal Audit Section during 2016/17 and identifies some common issues found during the audits.
Policy Framework:	None
Consultation:	Legal, Finance and Access to Services
Recommendation(s):	It is recommended that Committee review and discuss the school audits undertaken during 2016/17.
Report Author:	Nick Davies
Finance Officer:	Simon Cockings
Legal Officer:	Sandie Richards
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 An audit of each primary, secondary and special school in Swansea is undertaken every 3 years. A standard audit programme exists for each school sector.
- 1.2 For a number of years, a report summarising the school audits undertaken each year has been prepared for the Chief Education Officer. The report also identifies the common themes which have been found during the audits.

2. School Audits Annual Report 2016/17

- 2.1 The School Audits Annual Report 2016/17 is attached in Appendix A.

3. Equality and Engagement Implications

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

4. Financial Implications

4.1 There are no financial implications associated with this report.

5. Legal Implications

5.1 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2016/17

Appendices: Appendix A - Annual Report of Schools Audits 2016/17

CITY & COUNTY OF SWANSEA
INTERNAL AUDIT REPORT
EDUCATION: ANNUAL REPORT OF SCHOOL AUDITS 2016/17

1.0 INTRODUCTION

- 1.1 Each year a significant amount of audit resource is spent on School audits. The Internal Audit Section reviews all Primary, Special and Secondary Schools within the City and County of Swansea.
- 1.2 For routine audits, a risk assessment is carried out at individual School level and based on this a rolling programme of School audits is undertaken. Primary Schools and Secondary Schools are currently audited every 3 years.
- 1.3 The scope for School audits during the 2016/17 financial year included the following areas:
- Governance
 - Health and Safety / Fire / Premises Security Assessments
 - Management of Delegated Resources
 - Collection of Income and Banking's (including dinner monies)
 - Authorisation of Free School Meals
 - Petty Cash
 - Budget Preparation and Monitoring
 - Purchasing of Goods and Services
 - Payment of Creditors
 - School Inventory
 - Verification of PLASC to Budget Share
 - Verification of Employees
 - School Fund (audit and presentation to Governing Body)
 - Computer Security and Data Protection
- 1.4 There are slight variations between the work undertaken at Primary cheque book, Primary non cheque book and Secondary Schools. However, the scope of the audit remains more or less the same for all three sectors.
- 1.5 In addition to the Internal Audit review, Schools are also subject to audit inspection by Estyn. From September 2016, the period of inspection has changed from a six to a seven year cycle based on the inspection framework that was introduced in 2010.
- 1.6 At the routine audit, a formal level of assurance is provided for the overall financial management and other areas within the School as defined above. The assurance levels vary across four categories, namely High, Substantial, Moderate and Limited assurance.
- 1.7 Recommendations are contained within a Management Action Plan and are prioritised according to perceived risk. Therefore, the Headteacher has an indication of Internal Audit's view of the level of risk that the School could be exposed to if the recommendation is not implemented.

- 1.8 Once the Action Plan has been finalised with the Headteacher, a copy of the final Audit Report and Action Plan is forwarded to the Chair of the School's Governing Body and the Chief Education Officer for information. Agreed actions are followed up in accordance with the Management Action Plan timetable to ensure that they have been satisfactorily implemented. On distribution of the report, it is requested that the Chair of the Governing Body ensures that the final report is presented at the next full Governing Body meeting. We also ask that the Chair ensures that all actions have been implemented within the timescales stipulated in the Management Action Plan.
- 1.9 As part of their monitoring procedures, the School Support Unit request minutes of the Governing Body meetings in order to confirm that the audit report has been presented and discussed. Of the 18 Primary Schools, 4 Comprehensive Schools and 1 Special School that were audited in 2016/17, the School Support Unit had received minutes confirming that the audit report had been presented for 3 Primary Schools, 1 Comprehensive School and 1 Special School. The Unit has requested minutes from those Schools that have not forwarded them to date and this continues to be followed up on an ongoing basis.
- 1.10 As the operation of local bank accounts remains a key area for examination during audits, Primary cheque book School audits last 3 days and non-cheque book Schools last 2.5 days. The budgeted time for Secondary School audits is 10 days.
- 1.11 The remainder of this Annual Report provides information on the various developments that have occurred during the year and provides further details of the results of the School audits undertaken during 2016/17.

2.0 SUMMARY OF FINDINGS

- 2.1 Of the 18 Primary Schools audited in year, 13 achieved a substantial level of assurance, 4 achieved a high level of assurance and 1 achieved a moderate level of assurance. This is generally comparable to the level of assurance awarded to those Schools audited in 2015/16.
- 2.2 Of the 4 Comprehensive Schools audited in year, 1 received a high level of assurance and 3 received a substantial level of assurance. Again, this is comparable to the level of assurance awarded in 2015/16.
- 2.3 One Special School was audited in 2016/17 which achieved a substantial level of assurance. No Special Schools were due to be audited in 2015/16.
- 2.4 It is again pleasing to note that all but one of the Schools audited in year achieved a substantial or high level of assurance. This illustrates the fact that the Schools in question were being managed appropriately and were operating effectively. The Authority had been made aware of some issues surrounding the one School that received a moderate level of assurance prior to the audit being undertaken. The newly appointed Headteacher contacted the Audit Section once the routine audit had been arranged to request a pre-audit meeting to discuss coverage and to highlight some areas of concern. Following the initial audit, a follow-up visit was completed at the School during quarter 3 of 2016/17 which confirmed that substantial progress had been made, however there was still one recommendation in relation to the ordering of goods and services which had not been implemented. Therefore, a second follow up was completed at the end of quarter 4 2016/17, the results of which confirmed that all recommendations had been implemented.

- 2.5 As has historically been the case, procurement was the main source of the recommendations made across all Schools in 2016/17. As seen in tables 3.6, 4.4 & 5.4 later in the report, 33% of all recommendations made for Primary, Secondary and Special Schools were in relation to procurement. It should be noted that due to the delegated nature of School budgets, there would inevitably always be some issues in this area. However, significant efforts have been made by the Authority in an attempt to improve Schools awareness of their responsibilities in this area.
- 2.6 Periodic financial training is provided to all Primary School Headteachers by the School Funding & Information Unit which clearly communicates the procedures that should be followed by Schools in relation to ordering and procurement. However, it should be noted that attendance at such training is not compulsory.
- 2.7 It was noted in previous Annual Reports that the Authority's Contract Procedure Rules were amended from April 2014. The amendments resulted in changes to the required process for obtaining quotations and the retention of evidence, primarily for 'Band A' purchases (below £5k) and also for the 'Single Tender Application' process. It was envisaged that these amendments would simplify the procurement and record keeping process. Despite this, as reported in previous years some Schools are still failing to seek the relevant number of quotations even though the threshold has been increased to a level that remains lower than considered appropriate in discussions with Headteacher representatives.
- 2.8 Since April 2015, there has been a considerable change in the Schools Procurement Service Level Agreement (SLA) at the request of the Schools through the Joint Finance Group. As was the case last year, Schools have opted for a basic SLA which no longer funds a dedicated Schools Procurement Officer which was not delivering the anticipated dedicated support and demonstrable benefits to schools. Understandably, as a result of the ongoing budgetary pressures, a number of Schools have chosen to opt out of the Procurement SLA. For 2016/17, 15 Primary Schools had opted out of the Procurement SLA compared to 17 Schools in 2015/16. The areas covered by the current SLA are detailed in Appendix 5. From April 2016, Procurement also introduced a new facility whereby those Schools that have opted out of the SLA may take advantage of Procurement's services for an hourly rate.
- 2.9 It was noted in the previous report that Contract Procedure Rules (CPR's) were in the process of being reviewed and updated. Unfortunately, this process is still ongoing and Procurement has indicated that the updated CPR's are due to be finalised shortly. Once this process has been completed, it is proposed that School specific CPR's and associated guidance notes will be produced detailing how the amended CPR's should be interpreted specifically for Schools.
- 2.10 The sections that follow provide a more detailed examination in relation to the findings of our audits across the Schools in Swansea for 2016/17.

3.0 PRIMARY SCHOOLS

- 3.1 Eighteen Primary School audits were finalised by Internal Audit during 2016/17, all of which operated their own bank account. The assurance rating that was awarded to each of the Schools is shown in Appendix 1.
- 3.2 The table below shows the total number of Primary Schools audited within the last two financial years and the assurance levels that had been awarded.

Level of Assurance	Schools 2015/16	Schools 2016/17
High	3	4
Substantial	12	13
Moderate	1	1
Limited	0	0
Total	16	18

- 3.3 The level of assurance awarded confirms the view that Primary Schools in Swansea are generally well run with sound internal controls and financial management in the majority of cases. It is pleasing to note that all but one of the Primary Schools audited in year were rated as providing either a High or Substantial level of assurance.
- 3.4 A total of 160 recommendations were made as a result of the audit process, representing an average of 9 recommendations per School. All of the audit reports have been finalised at the date of this report, with agreement reached with Headteachers to implement all of the recommendations made.
- 3.5 It should be noted that a direct correlation between the number of recommendations identified at each School and the overall level of assurance cannot always be made. This is due to differences in the rating of the individual recommendations made i.e. High/Medium/Low Risk or Good Practice. Therefore, the number of recommendations made for each School has not been reported. Instead, the overall level of assurance awarded to each School has been included.
- 3.6 An analysis of the areas where recommendations have been made is summarised in the table below. As can be seen, the main area where issues were identified was in relation to Procurement, as has been the case in previous years. Please also see Appendix 3, which details the main areas reported on within each category below.

Primary Schools				
Audit Area	Total Rec's 2015/16 based on 16 Schools	2015/16 %	Total Rec's 2016/17 based on 18 Schools	2016/17 %
Governance	0	0%	8	5%
Health & Safety / Premises Security	4	4%	7	4%
Management of the School	14	13%	1	1%
Procurement	32	29%	55	34%
Bank	5	4%	0	0%
Income	11	10%	20	13%
School Meals including banking	3	3%	19	12%
School Funds	7	6%	10	6%
Inventory	14	12%	20	13%
IT	15	13%	16	10%
Other	7	6%	4	2%
TOTAL	112	100%	160	100%

- 3.7 Procurement was again identified as the main issue in a number of Schools. Headteachers are reminded of the requirement to comply with the Scheme for the Financing of Schools, Contract Procedure Rules (CPR's), Financial Regulations and Accounting Instructions. Also, the Procurement Section and their Procurement Guide are available to assist Schools with any procurement issues.
- 3.8 The main areas where problems have arisen regarding procurement are highlighted below:-

- Not obtaining the relevant number of quotations where expected. This was mainly noted where goods or services were procured or accumulated annual spend for a particular 'item' exceeded £5k per year.
- Not raising authorised purchase orders at the point of commitment or at all. This is also important as it allows for effective budget monitoring and proper certification procedures. It is also a record of what has been ordered, helps to minimise disputes and to facilitate matching to the invoice both in terms of price and quantity.
- Not obtaining the relevant dispensation, waiver etc where CPR's were not followed. (For procurement of unique items available from a single supplier for example).
- The use of suppliers that do not have a corporate contract with the Authority without undertaking any form of tendering exercise. Note that due to delegation, the use of contracted suppliers by Schools is not compulsory. However, should they opt to use alternative suppliers, Schools must undertake their own tendering exercise to ensure best value is obtained.

3.9 The average number of recommendations made per School has increased in year from 7 to 9. Whilst generally, the percentage of recommendations made across the various areas has remained fairly static year on year, some additional detail in relation to some of the more notable changes may be seen below:

- Governance – Issues were encountered in relation to outdated authorised signatory lists, the failure in some cases to complete / update business interest forms and in one instance outdated DBS records for members of School staff. (Note that the expired DBS in question was in the process of being renewed at the time of the audit hence this was a timing issue. It has subsequently been confirmed by the School that all staff now have up to date DBS records).
- School Meal Income – Primarily in relation to meal registers not being completed accurately and the registers not being reviewed. Issues were also highlighted in regards to the frequency of banking income and the level of meal arrears. It is acknowledged that the recent introduction (Autumn Term 2017) of a new online school meals cashless system allowing parents to pay electronically for school meals should greatly reduce any issues in these areas.
- Income – Mainly in relation to monies stored on site, lettings and banking delays.

3.10 Whilst we report on non-compliance in these areas, what the above summary figures do not reflect is the number of instances of non-compliance per School. i.e. we would include a recommendation regardless of the number of instances of non-compliance, with the extent and significance of the issue being highlighted in the body of the report.

4.0 SECONDARY SCHOOLS

4.1 Four Secondary Schools were visited by Internal Audit during 2016/17. The level of assurance awarded for each of the Schools can be seen in Appendix 2.

4.2 The table that follows shows the total number of Secondary Schools audited in year, together with the assurance levels that have been awarded.

Level of Assurance	Schools 2015/16	Schools 2016/17
High	2	1
Substantial	1	3
Moderate	0	0
Limited	0	0
Total	3	4

4.3 A total of 42 recommendations were made, which represents an average of 10 recommendations per School. All of the audit reports have been finalised at the date of this report, with agreements reached with Headteachers to implement all of the recommendations made.

4.4 An analysis of findings to identify areas for improvement is shown below:-

Secondary Schools				
Audit Area	Total Rec's 2015/16 (based on 3 Schools)	2015/16 %	Total Rec's 2016/17 (based on 4 Schools)	2016/17 %
Governance	1	4%	0	0%
Health & Safety / Premises Security	2	7%	0	0%
Management of the School	4	15%	0	0%
Procurement	8	29%	14	33%
Bank	1	4%	0	0%
Income	1	4%	10	24%
School Meals inc banking	1	4%	0	0%
School Funds	1	4%	4	10%
Inventory	3	11%	8	19%
IT	3	11%	5	12%
Other	2	7%	1	2%
TOTAL	27	100%	42	100%

4.5 As with Primary Schools, procurement has been identified as the main area for concern. The same comments as noted in 3.7 and 3.8 apply here.

4.6 It is also noted that the average number of recommendations made per School has increased in relation to 2015/16 figures. Please see below for further details:

- Inventory - primarily in relation to outdated records, equipment not security marked and disposals not being appropriately authorised.
- Income – for those Schools reviewed, issues were noted in relation to lettings insurance, monies being held securely, insurance limits not being adhered to and frequency of banking's.
- School Funds – Issues surrounding funds not audited; audit certificates not being completed, and authorised signatory documents not available for inspection.

5.0 SPECIAL SCHOOLS

5.1 One Special School was visited by Internal Audit during 2016/17. The level of assurance awarded can be seen in Appendix 2.

- 5.2 The table that follows shows the total number of Special Schools audited in year, together with the frequency each of the different assurance levels that have been awarded.

Level of Assurance	Schools 2015/16	Schools 2016/17
High	0	0
Substantial	0	1
Moderate	0	0
Limited	0	0
Total	0	1

- 5.3 A total of 10 recommendations were made and the audit report has been finalised at the date of this report, with agreement reached with Headteacher to implement all of the recommendations made.

- 5.4 An analysis of findings to identify areas for improvement is shown below:-

Special Schools				
Audit Area	Total Rec's 2015/16 (based on 3 Schools)	2015/16 %	Total Rec's 2016/17 (based on 4 Schools)	2016/17 %
Governance	0	0%	0	0%
Health & Safety / Premises Security	0	0%	0	0%
Management of the School	0	0%	0	0%
Procurement	0	0%	1	10%
Bank	0	0%	0	0%
Income	0	0%	2	20%
School Meals inc banking	0	0%	1	10%
School Funds	0	0%	1	10%
Inventory	0	0%	2	20%
IT	0	0%	2	20%
Other	0	0%	1	10%
TOTAL	0	0%	10	100%

- 5.5 For this particular School in the main there were some issues surrounding income, IT and inventory records.

6.0 DEVELOPMENTS / OTHER WORK UNDERTAKEN DURING THE YEAR

- 6.1 During the year, in addition to the School audits covered as part of our cyclical review, other work was also undertaken as noted below.

- 6.2 Ad-hoc work covering a range of areas as and when they arise, at the request of Schools or the Education Department.

- 6.3 In addition, audit follow up procedures require a follow up visit for any audits where the overall level of assurance is less than 'Substantial'.

- 6.4 One follow up visit was undertaken in year. The Primary School listed as receiving a moderate assurance rating in 2016/17 was revisited in quarter 3 (Dec 16) in order to determine whether appropriate action had been taken to implement the recommendations that were made as part of the review. It was noted that significant progress had been made, however some recommendations had still not been

addressed. Therefore the School was revisited again in quarter 1 2017/18 (Apr 17) and it was confirmed that all recommendations had been implemented.

- 6.5 We have also updated the School programme to include further areas of testing including Multipay Charge Cards, more detailed testing in relation to Unofficial Funds, and ensuring Direct Debits are setup in accordance with guidance notes issued by the Head of Financial Services & Service Centre.

7.0 SCHOOL SELF-ASSESSMENT QUESTIONNAIRES

- 7.1 One of the key targets over the last year was to introduce a self-assessment questionnaire for schools. As reported previously, following the successful roll out of self-assessment questionnaires in Social Services establishment audits, it was decided that a similar approach should be adopted for Primary and Special Schools in an attempt to more effectively utilise reduced resources and to balance the annual audit plan. The questionnaire was finalised and the new audit approach was rolled out to schools from quarter two 2016/17.
- 7.2 As a result of the decision to introduce a self-assessment questionnaire, it was also felt that this would be an opportune time to review the scope of the School audit programme to ensure resources were being focused on key areas that are relevant in the modern School environment.
- 7.3 At the time of writing this report, the second phase of questionnaires have been issued to those Schools that are due to be audited in 2017/18.
- 7.4 At the time of writing this report, a number of completed questionnaires have been returned by the Schools. Overall reaction to the questionnaire has been very good, with positive feedback being received from all those Schools that have contacted the Audit Team to discuss the questionnaire. Discussions with the Primary Support Officers have also indicated that the Schools have reacted positively to the new audit approach. Furthermore we are encouraged to report that we have rolled out and completed 18 Primary School audits in the same year using this new auditing method.

8. QUALITY MEASURES

- 8.1 At the end of each audit, Headteachers are provided with a Quality Control Questionnaire (QCQ) that allows them to comment on the quality of the audit service provided. A copy of the Questionnaire is attached, see Appendix 4.
- 8.2 Each completed questionnaire is reviewed and comments are taken into account when planning future audits, where appropriate.
- 8.3 QCQ results are fed into a Performance Indicator which shows the percentage of clients expressing 'at least satisfaction' with the conduct of audit assignments undertaken by Internal Audit. For this exercise, this relates to the QCQ's issued for audits finalised in 2016/17 as at the time of writing this report.
- 8.4 The Performance Target for Schools at least satisfied with the quality of audit service for 2016/17 was 98%.

8.5 The response rate to our QCQ surveys over the last two years are as follows:

	2015-16			2016-17		
	QCQ's issued	No. of Responses	Response %	QCQ's issued	No. of Responses	Response %
Primary	16	6	38%	18	3	17%
Secondary	3	1	33%	4	2	50%
Special	0	0	0%	1	0	0%
Overall	19	7	38%	23	5	22%

8.6 Historically, return rates on Quality Control Questionnaires (QCQ's) issued have been low – See above table. This year we are making a concerted effort to ensure that where possible, comments from our Headteachers in relation to the service provided are returned by following up those Schools that have not submitted their questionnaire returns.

8.7 It should be noted that for those QCQ's received for both Primary and Secondary Schools, 100% were at least satisfied with the overall usefulness of the audit compared to our internal performance target of 98%.

9. CONCLUSIONS

9.1 This annual report provides information on School audits undertaken during 2016/17, and identifies the main areas for improvement in relation to the financial management and other areas for Schools.

9.2 A good working relationship exists between Schools and the Internal Audit Section, with Headteachers generally responding positively to audit recommendations. However, as highlighted in previous years the raising of orders and compliance with Contract Procedure Rules does remain a concern. In many instances these have been repeatedly re-reported.

9.3 As noted in previous reports, procurement is still the biggest issue arising from School audits. It is concerning that despite having raised issues in relation to procurement at Schools repeatedly for a number of years, with Schools accepting audit recommendations in relation to these issues, the primary area of concern continues to be in relation to procurement. However, these issues should also be considered in the context of the overall School budget. The significant majority of any School's delegated budget is spent on staff salaries which, given the ever increasing budgetary pressures being felt by Schools, leaves a relatively small amount of money for the School's other procurement activities.

9.4 It is again the opinion of the Internal Audit Section that financial management systems established in Schools continue to provide a generally high level of assurance, subject to the procurement compliance issues as noted above.

PRIMARY SCHOOLS AUDITED 2016/17

School	CB/NCB	Level of Assurance
Grange Primary School	CB	High
Pen-Y-Fro Primary School	CB	High
Clwyd Primary School	CB	High
Morrison Primary School	CB	High
YGG Pontybrenin Primary School	CB	Substantial
Cwm Glas Primary School	CB	Substantial
Gwyrasydd Primary School	CB	Substantial
St. David's R.C. Primary School	CB	Substantial
Pontarddulais Primary School	CB	Substantial
Cadle Primary School	CB	Substantial
Crwys Primary School	CB	Substantial
Glyncollen Primary School	CB	Substantial
YGG Felindre Primary School	CB	Substantial
Hafod Primary School	CB	Substantial
Pentrechwyth Primary School	CB	Substantial
St Joseph's Catholic Primary School	CB	Substantial
Penyrheol Primary School	CB	Substantial
Seaview Primary School	CB	Moderate

CB = Cheque Book NCB = Non Cheque Book.

Note that in addition to the audits finalised above, the following audit had been completed and we were awaiting a response to the draft report that had been issued for the following School at the end of the financial year:

St Thomas Primary

SECONDARY SCHOOLS AUDITED 2016/17

School	Level of Assurance
Morrison Comprehensive School	High
Bishop Vaughan Comprehensive School	Substantial
Olchfa Comprehensive School	Substantial
Ysgol Gyfun Gwyr	Substantial

SPECIAL SCHOOLS AUDITED 2016/17

School	Level of Assurance
Ysgol Pen Y Bryn	Substantial

AREAS REVIEWED AT PRIMARY / SECONDARY SCHOOLS DURING 2016/17

AUDIT AREA	MAIN CATEGORIES REVIEWED IN EACH AUDIT AREA
Governance	Role and responsibilities of Governors, Committees and staff Policies and Committees Governors involvement in setting the School Development Plan Finance, Administration and CRB
Health & Safety/ Fire/ Premises	Health and safety inspections Fire Risk assessments and Portable Appliance Testing Self review of security issues
Procurement	Ordering procedures (Non orders) Payment procedures Authorisation of orders / invoices Governing Body approval of payments more than £5k Compliance with Contract Procedure Rules Insurance arrangements for Non-Authority 'approved' suppliers. Cheque stock records
School Funds	School fund signatories Audit and presentation of the School fund Distribution of School savings Other
Management of the School	Budget setting, approval and monitoring Authorised signatories Register of Business Interests Delegated powers
Inventory	Format and security of the School inventory Keeping the inventory up-to-date inc disposal procedures Physical checks
School Meals	Dinner money arrears Certification of CS3's by Headteacher CS3 meals served to PM2 meals reconciliations Weekly banking of Dinner monies (PM2 reconciliations) Entitlement to Free School Meals
Bank	Cheque signatories Bank reconciliations
Income	Banking and security of income held on site. C&D Senior Management review Letting applications Other income Raising and monitoring of invoices

IT	Computer-based records to be password-protected/ backed up/passwords to be changed regularly
	Users no longer employed to be deleted by the system manager
	Data Protection
Other	Self employment status
	Verification of employees and payment of travel expenses
	Leases
PLASC	Verification PLASC return to Budget share

CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

QUALITY CONTROL QUESTIONNAIRE - INTERNAL AUDIT SECTION

We are keen to monitor and, where possible, improve the quality of our work. We have adopted a number of performance indicators that we report on monthly, quarterly & annually. One of these is your view of the overall quality etc. of our work.

For this reason please complete the questions below indicating your level of satisfaction with various aspects of our audit. Any additional comments you may have should also be included.

AUDIT: _____ DATE OF ISSUE: _____

AUDIT FILE REF. NO: _____ AUDITOR(S): _____

ASPECT OF AUDIT	VERY SATISFIED	SATISFIED	DIS-SATISFIED	VERY DIS SATISFIED
AUDIT PLANNING Appropriateness of scope and objectives of audit				
Usefulness of initial discussions with auditor(s)				
Timing of audit				
CONDUCT OF AUDIT Duration of audit				
General helpfulness of auditors				
Consultation on findings				
AUDIT REPORT Fair presentation of findings				
Importance of findings				
Usefulness of recommendations				
Consultation on findings and recommendations				
OVERALL How would you rate the overall usefulness of the audit?				

OTHER COMMENTS:

SIGNED: _____ DATE: _____

DESIGNATION/POST TITLE: _____

Please return to the Chief Internal Auditor, Room 102, The Guildhall or by email.

Basic Procurement SLA from April 2015

The SLA no longer funds a specific Schools Procurement Officer, but covers the following:-

- Access to the Council's corporate, regional and national contracts and framework agreements held for an extensive range of goods and services that can be fully utilised by Schools throughout the City and County of Swansea. Contracts including but not limited to:-
 - (i) Electricity, Gas and Oil.
 - (ii) Window cleaning
 - (iii) Stationery
 - (iv) Washroom equipment & sanitary disposal
 - (v) MFDs
 - (vi) Catering and Cleaning materials
- Monitor corporate contracted suppliers with regard to adherence to contract specifications and prices.
- Provide a dedicated telephone helpline between 9am and 4.30pm, Monday to Friday, excluding Bank Holidays offering :-
 - (i) Procurement advice and guidance on all procurement matters, including product specifications, supplier sourcing and procedures.
 - (ii) Provide advice on the relevant documentation and for Schools to conduct background checks on potential suppliers when procuring individual School contracts (e.g. Health & Safety, Insurances, DBS)
- Updating and reviewing Contracting Procedure Rules for Schools when required by changes to Legislation, policy or procedures.

Agenda Item 9



Report of the Chief Auditor

Audit Committee – 26 September 2017

Audit Committee – Action Tracker

Purpose: This report details the actions recorded by the Audit Committee and response to the actions.

Report Author: Simon Cockings

Finance Officer: Simon Cockings

Legal Officer: Sandie Richards

Access to Services Officer: Sherill Hopkins

For Information

1. Introduction

- 1.1 During the course of Audit Committee meetings various actions may be decided which are recorded on the minutes of the meetings.
- 1.2 In the past, the Committee has had no transparency over the outcomes of the actions minuted by the Committee. As a result, an Action Tracker process was put in place in 2016/17.
- 1.3 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, 2016/17 and 2017/18 municipal years are attached in Appendix 1, 2 and 3.
- 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 2017/18

Appendix 2 – Action Tracker 2016/17

Appendix 3 – Action Tracker 2015/16

AUDIT COMMITTEE ACTION TRACKER 2017/18	
Action	Outcome
11/07/17 – Performance Review Development of the Audit Committee	
In relation to the Audit Committee Performance Review findings, the Chair of the Audit Committee is to investigate the possibility of reinstating regional working groups for Chairs/Audit Committee Members to consider joint training and benchmarking possibilities.	
11/07/17 Min 16 – Draft Statement of Accounts	
The Section 151 Officer be requested to provide Committee with an update regarding the funding of reserves and overall good financial management.	Section 151 Officer is due to attend the December meeting to provide an update on the review of reserves and overall budget monitoring/control. - CLOSED
20/06/17 Min 5 – Work Programme	
A description to accompany items within the Work Programme be provided in future.	Standard agenda items have been highlighted in bold in the workplan. CLOSED

AUDIT COMMITTEE ACTION TRACKER 2016/17	
Action	Outcome
28/03/17 Min 77 – Chair of Scrutiny Committee	
The Chair of the Scrutiny Programme Committee be invited to a future meeting of the Committee in order to provide an update report.	The Chair of the Scrutiny Programme Committee is due to attend Audit Committee on the 10/10/17 - CLOSED
28/03/17 Min 78 – Procurement Processes	
Procurement procedures being linked to risk.	
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 - CLOSED
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. Reminder e-mail sent to CW 26/07/17.
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
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. - CLOSED
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 - CLOSED
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	Letters sent 05/08/16 and copies

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.	reported to Audit Committee on 30/08/16 for information - CLOSED
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 Head of Legal Democratic Services & Business Intelligence. Update to be provided at the November meeting.
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 – CLOSED
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



Report of the Chief Auditor

Audit Committee – 26 September 2017

Audit Committee - Workplan

Purpose:	This report details the Audit Committee Workplan to May 2018
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Sandie Richards
Access to Services Officer:	Sherill Hopkins
For Information	

1. Introduction

- 1.1 The Audit Committee's Workplan to May 2018 is attached in Appendix 1 for information
- 1.2 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 2017/18

Audit Committee Workplan 2017/18

Date of Meeting	Reports
20 June 2017	Election of Chair and Vice Chair Audit Committee Initial Training Audit Committee Training Programme Wales Audit Office Update Report WAO Financial Resilience Final Report 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	Financial Management & Accounting Training Draft Statement of Accounts 2016/17 Draft Annual Governance Statement 2016/17 Risk Management Policy and Framework - Update Audit Committee Action Tracker Report
8 August 2017	Internal Audit Training Governance Training Wales Audit Office Update Report Internal Audit Annual Report 2016/17 Corporate Fraud Annual Report 2016/17 Internal Audit Monitoring Report Quarter 1 2017/18 Audit Committee Action Tracker Report
26 September 2017 - Special	External Audit Training Wales Audit Office ISA 260 Report 2016/17 – City and County of Swansea Wales Audit Office ISA 260 Report 2016/17 – Pension Fund Annual Report of School Audits 2016/17 Chief Education Officer Response to Annual Report of School Audits 2016/17 Audit Committee Action Tracker Report
9 November 2017 <i>(note changed from 10 October 2017)</i>	Counter Fraud Training Chair of Scrutiny Programme Committee Corporate Governance Review - Progress Update Risk Management Half-Yearly Review 2017/18 Risk/Performance/Governance Update Wales Audit Office Update Report Audit Committee Performance Review Action Plan 2016/17 - Update Audit Committee Action Tracker Report

Date of Meeting	Reports
12 December 2017	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 Review of Reserves Report Treasury Management & Budgetary Control Update Audit Committee Action Tracker Report
13 February 2018	Wales Audit Office Update Report Wales Audit Office Grants Report 2016/17 Internal Audit Monitoring Report Quarter 3 2016/17 Internal Audit Annual Plan Methodology 2018/19 Audit Committee Performance Review 2016/17 Action Plan - Update Audit Committee Review of Performance 2017/18 Risk/Performance/Governance Update 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

*Note: Agenda items in **Bold** are standard agenda items that occur at set times throughout the financial year.*