



City and County of Swansea

## Minutes of the **Audit Committee**

Committee Room 5 - Guildhall, Swansea

Tuesday, 10 April 2018 at 2.00 pm

### Present:

#### Councillor(s)

C Anderson  
O G James  
M B Lewis  
L V Walton

#### Councillor(s)

T J Hennegan  
L James  
S Pritchard  
T M White

#### Councillor(s)

P R Hood-Williams  
J W Jones  
W G Thomas

### Also Present

Councillor Rob Stewart  
Susan Powell  
Paula O'Connor

Leader, Swansea Council  
Cardiff Council  
Independent Lay Member

### Officer(s)

Simon Cockings  
Huw Evans  
Jeff Fish  
Kate Jones  
Tracy McNulty  
Dave Osborne  
Sandie Richards  
Jonathon Rogers

Chief Auditor  
Head of Democratic Services  
Corporate Fraud Team Investigator  
Democratic Services Officer  
Head of Cultural Services  
Leisure Operations Manager  
Principal Lawyer  
Corporate Fraud Team Investigator

### Apologies for Absence

Councillor(s): B Hopkins and P K Jones

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## 70 Election of Chair for the Remainder of the 2017/2018 Municipal Year.

**Resolved** that Paula O'Connor be elected Chair for the remainder of the 2017/2018 Municipal Year

**(Paula O'Connor (Independent Chair) Presided)**

## 71 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: -

Paula O'Connor – Agenda as a whole – Employee of Velindre NHS Trust – NWSSP – Providing Internal Audit Service as Head of Internal Audit to Abertawe Bro Morgannwg University Health Board – Personal.

## 72 Minutes.

**Resolved** that the Minutes of the previous meeting of the Audit Committee were approved as a correct record subject to the following point of note: -

- Minute 65 - The Committee had not yet had direct access to the Corporate Risk Register.

## 73 Work of Policy Development & Delivery Committees.

Councillor Rob Stewart / Leader provided an update to the Committee on the progress of the Policy Development and Delivery Committees. They were established in June 2017 and had followed the work programmes set for the Municipal Year. A number of the Policy Development and Delivery Committees had provided reports to Cabinet which had been unanimously accepted to date. The end of year reports for each Committee were in the process of being prepared.

The Leader reported that he was pleased with the outcomes of the Committees, and it was proposed that they would be further strengthened for the next Municipal year with a clear plan for each at the outset, as well as increased outcomes and policies. He noted the ambitious Corporate Plan and that subsequently the Committees would have a large workload to deliver.

Questions were asked of the Leader, which focussed on the following:-

- The difference between the Policy Development and Delivery Committees and Scrutiny;
- The need for a written explanation for the Audit Committee on the Policy Development and Delivery Committee's outlining their role and how they link with the Council's objectives;
- Some areas of work / policy development would take longer than others due to the expanse of the topic
- End of year reports being supplied to the Audit Committee
- Responsibility for setting the work plan for the Committees – Corporate Lead Officers with the Chair; and
- Proposed change of title to Policy Development Committees for the next Municipal year

**Resolved** that:-

- 1) The update on the Policy Development and Delivery Committees be noted;
- 2) The Audit Committee be supplied with a written explanation of the role of the Policy Development and Delivery Committees as well as their link with the corporate objectives;
- 3) The Audit Committee be supplied with the end of year reports for the Policy Development and Delivery Committees for the current Municipal year;

- 4) The Audit Committee be supplied with the structure / work plan for the next Municipal year for each Policy Development and Delivery Committee, including expected outcomes and timelines.

**74 Head of Service Update for Moderate Assurance Reports.**

The Head of Cultural Services, supported by the Leisure Operations Manager, provided an update since the service's previous internal audit.

The Head of Cultural Services reported that all medium risks the majority of the low risks identified in the Audit had been addressed and resolved. Two low risk remained outstanding, but there were processes in place to address them.

Following questions from the Committee, the Head of Cultural Services clarified that the main risks which had been identified by Audit were in relation to spending restrictions, transparency, correct sign offs and lapsed Disclosure and Barring Service (DBS) checks for existing staff.

It was requested that at future meetings, the copy of the relevant audit reports being discussed were included in the agenda papers in order for the Committee to be reminded of the issues highlighted.

**Resolved** that the update be noted.

**75 PSIAS Peer Review Report.**

The Chief Auditor presented the PSIAS Peer Review Report for information and Susan Powell, Cardiff Council also attended for the purposes of the report.

Susan Powell provided a brief overview of the process she undertook in preparing her report and highlighted the six recommendations made which were outlined at Appendix 2 of the report.

Questions were asked in respect of the progress of appraisals and the perceived lack of independence of Chief Auditor.

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

**76 Internal Audit Charter 2018/19.**

The Chief Auditor presented a report on the Internal Audit Charter 2018/19. He specifically highlighted the Charter outlined in Appendix 1 of the report, which included the following: -

- Definition of Internal Audit;
- Role and Function of Internal Audit;
- Scope of Internal Audit;
- Independence of Internal Audit;
- Consultancy Role of Internal Audit;

- Fraud, Bribery and Corruption Role of Internal Audit;
- Internal Audit Resources; and
- Quality Assurance and Improvement Programme

Questions were asked in respect of the management responsibility of the Chief Auditor as well as the ability to deliver the Charter and provide Quality Assurance in light of staff cuts.

**Resolved** that the Internal Audit Charter 2018/19 be approved.

## **77 Internal Audit Annual Plan 2018/19.**

The Chief Auditor presented a report on the Internal Audit Annual Plan 2018/19. He specifically highlighted paragraph 2.3 of the report which reported the reduction 0.4 of a post for 2018/19 compared to 2017/18. This was not a new development, but was not reported in 2017. A summary of the work planned was provided at Appendix 2 of the report. The Chief Auditor reported that the plan provided sufficient coverage across departments. Appendix 3 of the report provided a more detailed breakdown of the work planned.

A discussion ensued and centred around the following: -

- Taxi Framework Contract;
- Concerns over any further staff cuts and the effect that they would have on the Audit Section effecting their ability to carry out their function effectively;
- Potential risks of not completing all items scheduled on the Annual Plan;
- Whether sufficient work would be completed to allow the Chief Auditor to make an Assurance Statement;
- Lack of Governance Framework in the Annual Plan; and
- Provision of more information on areas of work shown on the Annual Plan so it would be easier to see more specifically what areas were being examined.

The Chair sought approval from the Committee to discuss a few amendments to the Annual Plan with the Chief Auditor outside of the Committee. The amendments were specifically in relation to governance issues and links with the corporate objectives. The Committee approved this approach and it was agreed that the amended Annual Plan be reported to the next meeting of the Audit Committee.

**Resolved** that: -

- 1) The Internal Audit Plan 2018/19 be approved subject to a few refinements to be discussed with the Chief Auditor and Chair; and
- 2) The amended Internal Audit Plan 2018/19 be provided at the next meeting of the Audit Committee.

## **78 Internal Audit Section - Fraud Function Anti-Fraud Plan for 2018/2019.**

The Corporate Fraud Team Investigator presented the report on the Anti-Fraud Plan for 2018/2019. He noted that the report had been written by the former Corporate Fraud Manger who had now retired. It was envisaged that the Anti-Fraud Plan for

2018/2018 produced by the Corporate Fraud Manager would remain relatively unchanged.

The Corporate Fraud Team Investigator reported that they were the newly titled Fraud Function and he highlighted the following: -

- Obligation to combat fraud;
- Principles of tackling fraud;
- Ensuring the counter fraud response is comprehensive and effective;
- The Council's existing Anti-Fraud and Corruption Policy as well as other corporate policy statements;
- Nolan Principles;
- The aims of the Anti-Fraud Plan;
- Measuring the value of the Fraud Function;
- Focussing Fraud Function resources;
- Anti-Fraud Risk Assessment Checking 2018/19 provided in Appendix 1 of the report;
- Anti-Fraud Statement 2018/19 provided in Appendix 2 of the report; and
- Anti-Fraud Plan 2018/19 provided at Appendix 3 of the report.

Questions were asked of the presenting Officers who responded accordingly. Questions focussed on: -

- Effect of Universal Credit on Housing Benefit Fraud;
- Best Practice of contractors;
- Management of workload with reduced staff;
- Monitoring of invoice fraud both corporately and within schools;
- Suspension of Right to Buy Scheme;
- Success of the Fraud Function;
- Increasing demand for the service resulting from increased awareness of the Fraud Function;
- Desire for more proactive work to be undertaken;
- Possibility of liaising with Fraud Colleagues in NHS and Wales Audit Office where relevant;

**Resolved** that the report be approved subject to resources being kept under review.

#### **79 Audit Committee Action Tracker Report.**

The Chief Auditor provided an Action Tracker report for information.

It was noted that there was an uncompleted item on the Action Tracker dating back to 2016 and whether some of the older years could now be removed from the tracker.

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

#### **80 Audit Committee Work Plan. (For Information)**

The Audit Committee Work Plan was reported for information.

The Chair with the approval of the Committee requested that an update be provided at the next meeting on the recommendation made by the Audit Committee Performance Review 2016/2017 as there was a further review due in June 2018.

**Resolved** that:-

- 1) The Chair and Chief Auditor discuss the Work Plan for the 2018/2019 Municipal year; and
- 2) An update be provided at the next meeting of the Audit Committee on the Audit Committee Performance Review 2016/2017.

The meeting ended at 3.52 pm

**Chair**