



City and County of Swansea

## Minutes of the **Audit Committee**

Committee Room 5, Guildhall, Swansea

Tuesday, 12 June 2018 at 2.00 pm

### Present:

#### Councillor(s)

C Anderson  
O G James  
M B Lewis  
L V Walton

#### Councillor(s)

P M Black  
P K Jones  
S Pritchard  
T M White

#### Councillor(s)

T J Hennegan  
J W Jones  
W G Thomas

#### Lay Member

P O'Connor

#### Officer(s)

Simon Cockings  
Sally-Ann Evans  
Peter Field

Matthew Joyce-Brown  
Jeremy Parkhouse  
Sandie Richards  
Richard Rowlands  
Ben Smith

Alex Williams

Chief Auditor

Lawyer

Principal Officer Prevention, Wellbeing and  
Commissioning

Lawyer

Democratic Services Officer

Principal Lawyer

Strategic Delivery & Performance Manager.

Head of Financial Services & Service Centre and Section  
151 Officer

Head of Adult Services

### 1 Election of Chair for 2018-2019 Municipal Year.

**Resolved** that Paula O'Connor be elected Chair for the 2018-2019 Municipal Year.

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

### 2 Election of Vice-Chair for 2018-2019 Municipal Year.

**Resolved** that Councillor P R Hood-Williams be elected Vice-Chair for the 2018-2019 Municipal Year.

### 3 Disclosures of Personal and Prejudicial Interests.

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

Councillor M B Lewis – Minute No. 5 – Internal Audit Monitoring Report Quarter 4 2017/18 - Member of the Pension Fund Committee – personal.

Councillor W G Thomas - Minute No. 5 – Internal Audit Monitoring Report Quarter 4 2017/18 - Member of the Pension Fund Committee – personal.

Councillor T M White - Minute No. 5 – Internal Audit Monitoring Report Quarter 4 2017/18 - Member of the Pension Board – personal and  
Minute No. 9 – Update on Actions from Performance Review 2016/17 – personal.

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

#### **4 Minutes.**

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

- **Minute No.72 – Minutes**

The following be added: -

'The Committee having a flavour of the key risks of the Authority, particularly the impact of the 31 high risks identified. The Committee should be able to assess the significance of risks against the well-being objectives of the Council and the risks should be highlighted / made public.'

- **Minute No. 78 – Internal Audit Section – Fraud Function Anti-Fraud Plan for 2018-2019**

Add the following: -

'Concern was expressed regarding the current resources within the Section and the very limited amount of pro-active work being undertaken and the number of investigations in progress.'

**Noted** comments of the Committee in respect of Minute No.77 – Internal Audit Annual Plan 2018-2019, resolution 2) which required an amended Internal Audit Plan to be reported to the next Committee meeting.

The Chair explained that she had agreed an amended Work Programme with the Head of Financial Services and Service Centre and Chief Auditor.

#### **5 Internal Audit Monitoring Report Quarter 4 2017/18.**

The Chief Auditor presented a report which provided the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January 2018 to 31 March 2018.

It was outlined that the Internal Audit Section had seen a significant increase in the levels of sickness in the 4<sup>th</sup> quarter of 2017/18 with a total of 32.5 days sickness

absence. 28 days related to one part time member of staff being on long term sick during the period. The cumulative sickness absence to date stood at 149.5 days against a projected annual budget of 80 days.

It was added that a total of 40 audits were finalised during Quarter 4 and these were provided at Appendix 1, which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed.

A total of 332 audit recommendations were made and management agreed to implement all but one of the recommendations i.e. 99.7% against a target of 95%.

Details of classifications and grants audited were also provided.

An analysis of the details in Appendix 2 showed that by the end of March 2018, approximately 86% of the Audit Plan were either completed or in progress.

Details of additional work done by Internal Audit and follow-ups completed between 1 January 2018 to 31 March 2018 were also provided.

The Committee were also provided with details of significant issues which led to the moderate ratings issued in the quarter. It highlighted the audit of Social Care Contracts which reviewed the progress made to date in ensuring that all contracts complied with CPR's.

The Committee asked questions of the Officer, which were responded to accordingly. Discussions included the following: -

- How sickness levels had not significantly affected the Audit Plan;
- Identifying and prioritising high risk audits;
- Checks and procedures surrounding grant audits;
- Deferred audits being prioritised in quarter 1 of the following financial year;
- Prioritising audits in Information Technology;
- Undertaking spot check audits on services;
- Building GDPR into the 2018-2019 programme.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) High risk audits be prioritised;
- 3) Deferred audits relating to governance and risk be undertaken in Quarter 1 or 2 2018-2019;
- 4) GDPR should be added to the 2018-2019 audit programme;
- 5) The Committee be advised if the Council is GDPR compliant.

## **6 Response to Moderate Report Issued in Quarter 4. (Verbal)**

The Head of Adult Services updated the Committee on the moderate assurance level of the audit of Social Care Contracts.

She provided the historical background to Social Care Contracts, particularly since April 2014 when Social Care contracts came under the jurisdiction of the Council's Contract Procedure Rules. She added that even though the numbers appeared high, a huge amount of work had taken place and assured the Committee that the situation had greatly improved.

It was outlined that of the 94 reviewed, 16 were closed and 78 were being significantly overhauled and examples of previous practice / the review were provided.

The Committee discussed the following: -

- The review resulting in contracts losing / saving money;
- The review to ensure contract specifications remain appropriate for needs;
- The current fragile nature of the care sector;
- Contracts providing value for money;
- Training provision / qualifications of staff who negotiated contracts;
- Costs to the service of renegotiating contracts.

**Resolved** that: -

- 1) The content of the update be noted;
- 2) The Committee be updated on completed actions and the timeline for outstanding actions.

## **7 Audit Committee Initial Training. (Verbal)**

The Head of Financial Services and Service Centre / Section 151 Officer provided the Committee with details regarding the role of the Audit Committee.

He emphasised the need for the Committee to hold matters to account to provide public assurance; the role of External Auditors within the process; the diminishing timetable to close the Statement of Accounts; the current difficult financial times; and the need to have a good functioning Audit Committee.

In addition, he made reference to the CIPFA definition of an Audit Committee and its role, whilst working in partnership with scrutiny.

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

## **8 Risk Management Training. (Verbal)**

The Strategic Delivery & Performance Manager provided an overview presentation on Risk Management.

Details provided included: -

- Purpose and objective;
- What is risk / risk management?

- The risk management cycle;
- Risk identification / evaluation / response control;
- Audit Committee – key responsibilities;
- Audit Committee – key considerations on the status of risk in the Council.

The Committee asked questions in relation to the presentation, which were responded to accordingly. Discussions centred around the following: -

- Methods of highlighting risk;
- The need for the risks to be linked to Council objectives as well as operational business areas;
- Linking risk management with the budget cycle;
- Risk management relating to capital projects;
- Identifying, the level of and controlling risk;
- The Committee being fully aware of the risks within the Council;
- Identifying / evaluating risk;
- Risk comparisons with other local authorities.

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

## **9 Update on Actions from Performance Review 2016/17.**

The Chief Auditor provided an update report following the Audit Committee Performance Review 2016/17. A summary of the key findings that came out of the performance review was provided at Appendix 1.

It was added that a Special Audit Committee had been scheduled for 26 June 2018 in order to discuss the item in detail.

The Chair stated that the report was helpful in informing the Council of the outstanding issues and being aware of the current position. She added that examples of good practice from other local authorities would be beneficial.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) The report be discussed at a Special Audit Committee scheduled for 10 a.m. on Tuesday, 26 June 2018.

## **10 Wales Audit Office Update.**

Geraint Norman, Wales Audit Office presented the Wales Audit Office Update Report – June 2018.

Details provided included Financial audit work and Pension Fund Audit work 2017/18 – City and County of Swansea and Performance Audit work.

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

**11 Wales Audit Office Proposals for Improvement Report - Six-Month Update.**

The Strategic Delivery & Performance Manager presented a report that provided an overview of the status of Swansea Council's response to proposals for improvement made by Wales Audit Office to provide assurance to the Committee on progress.

Appendix A provided the Six-month Status Update Report and the key proposals / next steps were outlined.

The Committee highlighted tracking items for progress to ensure delivery and assurance that the Authority could progress within the timelines.

The Chair queried the slow progress in completing the actions regarding the 2014/15 assessment.

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

**12 Overview of the Overall Status of Risk Report Quarter 4 2017/18.**

The Strategic Delivery & Performance Manager presented an overview of the status of risk in the Council in order to provide assurance to the Committee on the effectiveness of the Risk Management Policy, framework and its operation within the Council. Appendix A provided a summary of the overall status of risk within the Council, quarter 4 2017/18.

He highlighted that 73% of the risks that were in place on 28 December 2017 were recorded as having been reviewed by 27 March 2018. He added that while the position had improved, further progress was needed.

He referred to movement within the Register and stated that further progress was required from responsible officers to record reasons for removing risks from the register would be recorded in future in order to provide an audit trail.

The Chair commented that a level of detail regarding each risk was required and assurance that the Authority was managing the risks. She added that open discussions regarding the risks was required at Committee. The Strategic Delivery and Performance Manager noted that he had been given authorisation by CMT to allow Committee Members full access to the Corporate Risk Register that contains corporate level risks and the detail required.

Discussions followed and it was noted that there may be occasions when discussions regarding the Corporate Risk Register would have to occur in private session.

It was noted that Councillors now had access to the online Corporate Risk Register.

**Resolved that: -**

- 1) The contents of the report be noted;
- 2) The Strategic Delivery & Performance Manager seeks to provide the Chair with electronic access to the Corporate Risk Register;
- 3) A hard copy of the Corporate Risk Register be provided to the Chair;
- 4) Future reports to include an appropriate level of information in order for the Audit Committee to discharge its responsibilities in accordance with the Terms of Reference.

**13 Draft Audit Committee Training Programme Report.**

The Chief Auditor presented the Draft Audit Committee Training Programme 2018/19.

The Chair highlighted that in future, training occurs prior to the start of Committee meetings. She added that the content of the Programme was good and would cover the training needs of the Committee.

**Resolved that: -**

- 1) The Audit Committee Training Programme be approved;
- 2) Where possible, future training takes place prior to the commencement of Committee meetings.

**14 Audit Committee Work Plan. (For Information)**

The Chief Auditor reported the Audit Committee Work Plan for information.

He highlighted that the Audit Committee terms of reference was included at Appendix 2 and would be reported as part of future Work Plan reports. He added that the Committee would address the key terms of reference going forward.

The Chair highlighted that the Work Plan was now focussed upon the Audit Committee key roles and responsibilities.

The Committee welcomed the new format / content with the focus on governance, risk and assurance.

**15 Audit Committee Action Tracker Report. (For Information)**

The Chief Auditor provided an Action Tracker report for information.

The Chair commented that Governance Framework would be included in the 2018/19 Plan. In addition, areas previously deferred would be brought back and more details of the work completed would be provided.

The Chief Auditor also provided an update regarding Minute No. 68 – Amendments to Contract Procedure Rules.

Minutes of the Audit Committee (12.06.2018)  
Cont'd

The meeting ended at 3.45 pm

**Chair**