



City and County of Swansea

## Minutes of the **Audit Committee**

Committee Room 5 - Guildhall, Swansea

Tuesday, 14 August 2018 at 2.00 pm

**Present:** Paula O'Connor (Chair) Presided

**Councillor(s)**

C Anderson  
O G James  
L V Walton

**Councillor(s)**

P M Black  
M B Lewis  
T M White

**Councillor(s)**

P R Hood-Williams  
W G Thomas

**Officer(s)**

Gareth Borsden  
Simon Cockings  
Jeffrey Dong

Democratic Services Officer

Chief Auditor

Chief Treasury & Technical Officer / Deputy Section 151 Officer

Tracey Meredith

Head of Legal, Democratic Services & Business Intelligence

Richard Rowlands

Strategic Delivery & Performance Manager.

**Apologies for Absence**

Councillor(s): P K Jones and J W Jones

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## 26 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 P R Hood-Williams – Minute No.33 - Internal Audit Annual Report 2017/18 – School Governor at Crwys & Cila – Personal

Councillor M B Lewis – Minute No.29 - Draft Statement of Accounts 2017/18 - Pension Fund – Member of the Pension Fund & Pension Fund Committee – 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

Councillor W G Thomas – Minute No.29 - Draft Statement of Accounts 2017/18 - Pension Fund – Member of the Pension Fund & Pension Fund Committee – Personal.

Councillor T M White – Minute No.29 - Draft Statement of Accounts 2017/18 - Pension Fund - Member of the Local Pension Board and benefactor of the Local Government Pension Fund – personal, Minute No.31 - Draft Audit Committee Annual Report 2017/18 – Mentioned as Committee Member within report – Personal

& Minute No.33 - Internal Audit Annual Report 2017/18 – Member of Swansea Bay Port Health Authority – Personal.

**27 Minutes.**

**Resolved** that the Minutes of the Audit Committee held on 17 July 2018 were approved and signed as a correct record.

**28 Matters Arising**

Audit Committee -17 July 2017 – Minute No.20 – Annual Governance Statement 2017/18

Tracey Meredith indicated that following the last meeting she had met with the Chair and the finalised document had recently been distributed to Members of the Committee for comment. She stated she had made amendments to the document following comments at the last meeting.

The Chair indicated she was happy with the revised version and sought Members views on the document.

Members requested that a special meeting of the Committee be arranged to consider the revised paper.

**29 Draft Statement of Accounts 2017/18 - Pension Fund.**

Jeff Dong presented the City and County of Swansea Pension Fund Statement of Accounts 2017/18.

It was stated that the City and County of Swansea Pension Fund Accounts formed a distinct and separate component of the Statement of Accounts of the City and County of Swansea as a whole.

He provided a detailed and informative analysis of the Accounts, highlighting the positive return and stated that the long-term cash flow projections were positive for the Fund into the medium term. He added that the net assets of the Fund has risen to £1,914,031,000 at 31 March 2018, and had recently passed £2,000,000,000.

The City & County of Swansea Pension Fund Draft Statement of Accounts 2017/18 were detailed in Appendix 1 to the report.

The Committee asked questions of the Officer who responded accordingly.

**Resolved** that the Draft Statement of Accounts 2017/18 be noted.

**30 Overview of the Overall Status of Risk Quarter 1 2018/19.**

Richard Rowlands presented a report which outlined an overview of the status of risk in the Council, and provided assurance to the Committee on the effectiveness of the risk management policy and framework and its operation within the Authority.

He indicated that following the previous request from the Committee, CMT had agreed to make the corporate risk register available, and it was included in the agenda papers.

He referred to and detailed the 13 main corporate risks outlined in the register. All but one were classed as “amber” – the risk concerning financial control and sustainable Swansea is “Red” given the financial situation. He indicated that all these risks were identified, evaluated and responded to by CMT and by CMT and Cabinet following the production of the new Corporate Plan and were recorded onto the Corporate Risk Register before the start of the financial year. He indicated that the risks are closely monitored and reviewed by CMT on a regular basis and were jointly reviewed by CMT and Cabinet on 7 August. He indicated that the risks will be reviewed regularly by both CMT and jointly by CMT and Cabinet in line with the new Risk Policy. He further indicated that there were a level of “sub” risks which came under these, which were also continually monitored by Officers.

The Chair noted that the format and content would be further developed by CMT for future meetings, and to assist CMT the Chair had provided Richard Rowlands with Risk Registers from other Local Authorities to consider as a benchmark. The Chair also advised Members that a meeting had been confirmed with the Chief Executive.

Members outlined that these risks shown were all at a very high/corporate level, and indicated they felt the Committee should have access to the issues identified on the “sub” risk register.

Richard Rowlands indicated he could would pass on the Committee’s request to CMT for access to the “sub” register.

The Chair stated she was still having problems accessing the register electronically. Richard Rowlands indicated that staff in IT were trying to resolve the issue, as well as other issues linked to the register.

### **31 Draft Audit Committee Annual Report 2017/18.**

The Chair indicated she had liaised closely with the Chief Auditor during the compilation of the report. She thanked both Officers for their support since her election and for the work of the previous Chair.

Simon Cockings presented the draft Audit Committee Annual Report for the 2017/18 Municipal Year. He added that the report would be presented to Council later in the year.

Members discussed the contents of the report and suggested a slight amendment to Para 9.4 to reflect a more positive outcome.

**Resolved** that the report, with the amendments suggested above be approved and presented to a future meeting of Council.

### **32 Audit Committee Review of Performance 2017/18 Draft Action Plan.**

The Chair presented the report which detailed the proposed action plan for implementation, which will address the key findings that arose from the Audit Committee's Review of Performance in 2017/18.

She requested that the action plan be appended to the Workplan report that the Committee receives each meeting.

**Resolved** that the Action Plan be approved and appended to the Workplan at the September and December meetings.

### **33 Internal Audit Annual Report 2017/18.**

The Chief Auditor presented the report which outlines and reviews the work of the Internal Audit Section during 2017/18 and includes the Chief Auditor's required opinion on the internal control environment for 2017/18 based on the audit testing completed in the year.

He outlined and detailed the contents of the report, including the following key areas:

- Staffing issues;
- Audit jobs completed(86% - highest ever for team);
- "Non planned" Investigations undertaken;
- Follow up audits undertaken;
- Performance Indicators;
- Implications on team of relocation to Guildhall, agile working and new computer software;
- Quality Assurance & Improvement Programme & Statement of Conformance with PSIAS;
- Excellent outcome of the peer review by Cardiff Council;
- Statement of Organisational Independence;
- Internal Control Opinion;

He placed on record his thanks to the team for their excellent work during the past year.

The Chair queried the foundation of some of the PI's and suggested that the Chief Auditor raise the need for a refresh of PI's through the Welsh Chief Auditors Group, in order that they become more up to date and relevant. She also requested that future year's Internal Audit Plans include reference to the Council's main corporate priorities.

**Resolved** that the report be noted and approved.

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

Simon Cockings provided an action tracker report 'for information'.

The Chair raised queries on the several of the issues contained in the tracker, the Chief Auditor responded accordingly.

**35 Audit Committee Work Plan.**

Simon Cockings reported the Audit Committee Work Plan 'for information'.

The meeting ended at 3.47 pm

**Chair**