



Dinas a Sir Abertawe

Hysbysiad o Gyfarfod

Fe'ch gwahoddir i gyfarfod

Pwyllgor Archwilio

Lleoliad: Ystafell Bwyllgor 5 - Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Mawrth, 11 Medi 2018

Amser: 2.00 pm

Cadeirydd: Cynghorydd Paula O'Connor

Aelodaeth:

Cynghorwyr: C Anderson, P M Black, T J Hennegan, P R Hood-Williams, O G James, P K Jones, J W Jones, M B Lewis, S Pritchard, W G Thomas, L V Walton a/ac T M White

Agenda

Rhif y Dudalen.

- 1 Ymddiheuriadau am absenoldeb.**
- 2 Datgeliadau o fuddiannau personol a rhagfarnol.**
www.abertawe.gov.uk/DatgeliadauBuddiannau
- 3 Cofnodion.** **1 - 7**
Cymeradwyo a llofnodi, fel cofnod cywir, gofnodion y cyfarfod(ydd) blaenorol.
- 4 Adroddiad Monitro Archwilio Mewnol - Ch1 2018/19.** **8 - 18**
- 5 Adroddiad ISA 260 Swyddfa Archwilio Cymru - Dinas a Sir Abertawe.** **19 - 36**
- 6 Adroddiad ISA 260 Swyddfa Archwilio Cymru - Cronfa Bensiwn Dinas a Sir Abertawe.** **37 - 52**
- 7 Adroddiad Blynyddol Twyll Corfforaethol 2017/18.** **53 - 67**
- 8 Adroddiad Orlhain Camau Gweithredu'r Pwyllgor Archwilio. (Er gwybodaeth)** **68 - 73**
- 9 Cynllun Gwaith y Pwyllgor Archwilio. (Er Gwybodaeth)** **74 - 81**

Cyfarfod Nesaf: Dydd Mawrth, 9 Hydref 2018 ar 2.00 pm

Huw Evans

Huw Evans
Pennaeth Gwasanaethau Democrataidd
Dydd Mawrth, 4 Medi 2018

Cyswllt: Gwasanaethau Democrataidd: - 636923

Agenda Item 3



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

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



City and County of Swansea

Minutes of the Special **Audit Committee**

Committee Room 6 - Guildhall, Swansea

Thursday, 23 August 2018 at 4.00 pm

Present: Paula O'Conner (Independent Chair) Presided

Councillor(s)

C Anderson
P R Hood-Williams
W G Thomas

Councillor(s)

P M Black
J W Jones
L V Walton

Councillor(s)

T J Hennegan
M B Lewis
T M White

Officer(s)

Gareth Borsden
Tracey Meredith

Democratic Services Officer
Head of Legal, Democratic Services & Business
Intelligence

Geraint Norman

Audit Manager, Wales Audit Office

Apologies for Absence

Councillor(s): P K Jones

36 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 J W Jones – Minute No.37 – Draft Annual Governance Statement 2017/18 – Member of Port Health Authority – Personal

Councillor M B Lewis – Minute No.37 – Draft Annual Governance Statement 2017/18 – Member of the Pension Fund & Member of Port Health Authority – 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.37 – Draft Annual Governance Statement 2017/18 - Pension Fund – Member of the Pension Fund & Pension Fund Committee – Personal.

Councillor T M White – Minute No.37 – Draft Annual Governance Statement 2017/18 - Member of the Local Pension Board and benefactor of the Local Government Pension Fund & Member of Swansea Bay Port Health Authority – Personal.

37 Draft Annual Governance Statement 2017/18.

The Head of Legal, Democratic Services & Business Intelligence reported and outlined to Members the revised draft Annual Governance Statement 2017/18.

The background to the production of the document was outlined and detailed, in particular the main changes at paragraph 5 relating to the inclusion of assurance statements.

She referred to minor typographical errors at pages 8 and 28 which would be amended. A further amendment required was also outlined at page 30 by Members.

She stated that the Annual Governance Statement would be reviewed and updated going forward.

Resolved that the Annual Governance Statement 2017/18, subject to the typographical changes highlighted above, be endorsed and referred to Council for approval.

The meeting ended at 4.17 pm

Chair

Agenda Item 4



Report of the Chief Auditor

Audit Committee – 11 September 2018

Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 April 2018 to 30 June 2018

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2018 to 30 June 2018.
Policy Framework:	None.
Reason for Decision:	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2018/19.
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Catherine Window

1. Introduction

- 1.1 The Internal Audit Annual Plan 2018/19 was approved by the Audit Committee on 10th April 2018. This is the first quarterly monitoring report to be presented to Committee. Further reports will be presented throughout the year to allow Committee to review and comment upon

the progress of the Internal Audit Section in achieving the Annual Plan.

- 1.2 This report shows the audits which were finalised in the period 1st April 2018 to 30th June 2018.

2. Audits Finalised 1 April 2018 to 30 June 2018

- 2.1 A total of 30 audits were finalised during Quarter 1. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.

- 2.2 An analysis of the audits finalised during the 1st Quarter is shown in the following table.

Assurance Level	High	Substantial	Moderate	Limited
Number	12	17	1	0

- 2.3 A total of 247 audit recommendations were made and management agreed to implement all but one of the recommendations i.e. 99.6% against a target of 95%.

- 2.4 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during Quarter 1 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
0	44	167	35	246

- 2.5 No grants were certified in Quarter 1.

- 2.6 The Audit Plan is a 'living' document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit Committee can monitor progress against the Plan approved at the start of the year. To achieve this, Appendix 2 shows each audit included in the Plan approved by Committee in March 2018 and identifies the position of each audit as at 30 June 2018.

- 2.7 The following table shows brief details of the significant issues which led to the moderate rating issued in the Quarter.

Audit	Disaster Recover & Business Continuity
Objectives	To ensure that the Authority has an ICT Disaster Recovery Plan (DR Plan) in place and that the plan is regularly reviewed, tested and updated. The audit included the testing of controls established by management over the following areas within the DR Plan: Ownership and Management; Risk Assessment and Prevention; The Corporate Plan; IT User Plans; Resourcing and Training.
Assurance Level	Moderate
Reasons	
<ul style="list-style-type: none"> • Checks were carried out to confirm that the responsibility for the Councils IT Disaster Recovery Policy and Recovery Plan had been formally assigned. No Terms of Reference had been established for the Disaster Recovery Team. • It was found that the Team have not carried out regular reviews of the Disaster Recovery Plan. A review of the Disaster Recovery Plan revealed that it had not been updated on at least an annual basis. The last review was undertaken in April 2017. • Testing was carried out of the Information Asset Register to ensure that data in relation to each system, interface and its users was recorded. A sample of three system entries was selecting for checking. For the sample of systems selected it was found that: <ul style="list-style-type: none"> ○ There was no indication of the length of time that the Council could function without the system/systems. ○ Minimum resources required to get the system up and running again in respect of hardware, software and communications was not detailed. • A further sample check of these systems was carried out to confirm that the Register contained details of the systems objectives and that there were explanations detailed of how each element of the IT service will address the objectives. It was found that the objectives of the systems were recorded, however there was no information detailed as to how the IT service would address the objectives. • A review of the Councils Risk Registers to check that each system risk had been recorded revealed that risks were not listed individually in the Registers. It was noted that only a general entry had been made regarding the risk of not having a full Disaster Recovery Plan in place. • A review of the current Corporate Disaster Plan to confirm that all required information was detailed revealed that: <ul style="list-style-type: none"> ○ Full details of Risk Assessments were not recorded. ○ Recovery sites had not been established. • A sample of four key IT system users were contacted and asked to provide copies of their Business Continuity Plans, particularly in relation to Hardware and Software. For all Plans, hardware and software issues had not been addressed in the individual Business Continuity Plans. 	

- Information was requested from the Insurance Section to confirm that a policy was in place to cover a disaster situation should one occur, however to date no evidence has been received.
- It was also confirmed that no formal testing takes place in relation to the Disaster Recovery Plan.

2.8 An analysis of the details in Appendix 2 shows that by the end of June 2018, approximately 66% of the Audit Plan was either completed or in progress.

2.9 Please also note that of the 30 audits finalised in Quarter 1, 18 had been audits that were included in the 2017/18 audit plan that were ongoing at the end of the financial year and that have since been finalised in 2018/19.

2.10 The Internal Audit Section was also involved in the following work during Quarter 1:

- Additional sample testing of timesheets submitted in relation to Adult Home Care provision, at the request of the Head of Adult Services.
- Continuation of an investigation into the financial management at a Primary School.
- A review of the controls in place in relation to projects, claim completion and ledger reconciliations in the External Funding Team at the request of the External Funding Manager.

3. Follow Ups Completed 1 April 2018 to 30 June 2018

3.1 The follow up procedures operated by the Internal Audit Section include visits to any non-fundamental audits which received a moderate or limited level of assurance to confirm and test that action has been taken by management to address the concerns raised during the original audit.

3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any high or medium risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Head of Financial Services and Service Centre (Section 151 Officer).

3.3 Five standard follow-up visits were completed in relation to moderate assurance audit reports in 2017/18. For two of the audits, it was found that substantial progress had been made in implementing the recommendations that had been made, with all of the recommendations being fully implemented.

3.4 However, for three of the audits it was noted that some of the recommendations had not been implemented. As a result, a second

follow up visit has been scheduled for these audits in Quarter 2. Note that in all cases, some progress had been made in addressing the issues that were identified as a result of the audit, with only one or two medium risk recommendations not being fully implemented at the time of the follow up visit. None of the recommendations in question were deemed to be high risk. As a result, a second visit to confirm implementation should suffice and it is not deemed necessary for the relevant staff to be called to attend Audit Committee at this time.

- 3.5 As Committee are aware, from April 2018 the Head of Service and Service Manager are required to attend Audit Committee when a moderate audit report is issued to provide an update on the action that is being taken to address the points raised as a result of the audit. It is therefore envisaged that going forward, for all moderate reports that are issued, recommendations will be implemented in a timelier manner.

4 Equality and Engagement Implications

- 4.1 There are no equality and engagement implications associated with this report

5. Financial Implications

- 5.1 There are no financial implications associated with this report.

6. Legal Implications

- 6.1 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2018/19

Appendices: Appendix 1 Internal Audit – Monitoring Report Quarter 1 2018/19
Appendix 2 Internal Audit Plan 2018/19 – Progress to 30/06/18

INTERNAL AUDIT - MONITORING REPORT QUARTER 1 2018/19

Head of Service	Audit	Date	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Housing & Public Protection	Blaenymaes DHO*	26/04/18	High	10	10	0
Housing & Public Protection	Eastside DHO	11/05/18	High	9	9	0
Housing & Public Protection	Morrison DHO	27/06/18	High	9	9	0
Child & Family Services	Foster Swansea*	16/05/18	High	1	1	0
Financial Services & Service Centre	Funded Nursing Care*	04/04/18	High	1	1	0
Financial Services & Service Centre	Housing & Council Tax Benefit*	10/04/18	High	23	23	0
Financial Services & Service Centre	Employee Services*	29/05/18	High	4	4	0
Financial Services & Service Centre	Pensions Admin*	30/04/18	High	4	4	0
Financial Services & Service Centre	NNDR*	11/05/18	High	0	0	0
Financial Services & Service Centre	Capital Accounting*	17/04/18	High	1	1	0
Planning & City Regeneration	External Funding Team	20/06/18	High	0	0	0
Housing & Public Protection	Registration Service*	04/04/18	High	8	8	0
Adult Services	Community Alarm Service	19/06/18	Substantial	7	7	0
Adult Services	Community Equipment Store & Suresprung	29/06/18	Substantial	17	17	0
Adult Services	Taxi Framework Contract - Adult Services	22/06/18	Substantial	6	6	0
Education Planning & Resources	Mayals Primary School	29/06/18	Substantial	17	17	0
Education Planning & Resources	YGG Llwynderw*	12/06/18	Substantial	16	16	0
Achievement Partnership Service	Education Welfare Service	19/06/18	Substantial	8	8	0
Highways & Transportation	Streetworks	11/06/18	Substantial	5	5	0
Planning & City Regeneration	Planning & Enforcement*	15/05/18	Substantial	3	3	0
Digital & Transforamtion	IT File Controls*	15/05/18	Substantial	1	1	0
Digital & Transforamtion	Flare System	01/05/18	Substantial	4	4	0
Cultural Services	Grand Theatre	27/06/18	Substantial	20	19	1
Poverty & Prevention	Partnership & Commissioning Team*	16/04/18	Substantial	14	14	0
Legal, Democratic Services & Business						
Intelligence	Electoral Services & Reg. of Electors	05/06/18	Substantial	6	6	0
Digital & Transforamtion	Telephones (inc Mobiles)	29/06/18	Substantial	2	2	0
HR & OD	Emergency Management*	02/05/18	Substantial	10	10	0
Highways & Transportation	Car Parks	21/06/18	Substantial	18	18	0
Financial Services & Service Centre	Senior Management Assurance Statements*	17/04/18	Substantial	2	2	0
Digital & Transforamtion	Disaster Recovery & Business Continuity*	26/06/18	Moderate	21	21	0
Total				247	246	1

* Audits from the 2017/18 Audit Plan finalised in 2018/19.

INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 30/06/18
Education Planning & Resources		
Danygraig Primary	Med/High	In Progress
Mayals Primary	Medium	Final Issued
Y.G.G. Bryn-y-Mor	Low	In Progress
Christchurch Ch.in Wales	Medium	In Progress
Bwrlais Primary	Medium	In Progress
Dunvant Primary	Medium	In Progress
Brynhyfryd Juniors	Medium	In Progress
Pontlliw Primary	Medium	Draft Issued
Talycopa Primary	Medium	In Progress
Gowerton Primary	Medium	In Progress
Sketty Primary	Low	In Progress
Terrace Road Primary	Medium	In Progress
Cila Primary	Low	In Progress
Townhill Community Primary	Medium	In Progress
Hendrefoilan Primary	Medium	In Progress
Penclawdd Primary	Medium	In Progress
Gors Community Primary	Medium	In Progress
Knelston Primary	Low	in Progress
Y.G.G. Y Login Fach	Medium	Draft Issued
Y.G.G. Bryniago	Medium	In Progress
Newton Primary	Medium	In Progress
St. Helen's Primary	Low/Med	In Progress
Trallwn Primary	Medium	In Progress
Portmead Primary	Medium	In Progress
Gowerton Comprehensive	Med	Draft Issued
Birchgrove Comprehensive	Low	In Progress
Bishop Gore Comprehensive	Low	In Progress
Dylan Thomas Comprehensive	Med	In Progress
Arts in Education	Medium	In Progress
Achievement & Partnership Service		
Welsh Service	New	Deferred
Vulnerable Learner Service		
Education Welfare Service	Medium	Final Issued
Catering Service – Civic Centre	Medium	In Progress
Cleaning Service	Medium	In Progress
Education – Other		
School Uniform Grant	N/A	Planned
Education Improvement Grant	N/A	In Progress
Pupil Deprivation Grant	N/A	In Progress
Schools Annual Report	N/A	In Progress
Child & Family Services		
Grants & Contracts	Low/Med	In Progress

INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 30/06/18
Adult Services		
Community Alarm Service	Medium	Final Issued
Integrated Community Equipment & Suresprung	High	Final Issued
Service Users Assessment of Care	Medium	Planned
Supporting People Grant	N/A	In Progress
Suresprung - Work Choice Program	N/A	Planned
Self Assessment Checklists	Med/High	Planned
Social Services – Directorate Services		
No audits planned	N/A	N/A
Poverty & Prevention		
Swansea Children's Centre & Mayhill Centre	Medium	In Progress
Early Intervention Services	New	In Progress
Corporate Building Services		
Admin & Finance	Low/Med	Planned
Corporate Property Services		
No audits planned	N/A	N/A
Waste Management & Parks		
Domestic Refuse Collection	Medium	In Progress
Grounds Maintenance	Medium	In Progress
Highways & Transportation		
Concessionary Bus Fares	N/A	In Progress
Car Parks	Med/High	Final Issued
Clydach Depot – Fuel & Plant	Medium	In Progress
Streetworks	Medium	Final Issued
CTU Fleet Hire / Spot Hire	Medium	In Progress
Traffic Orders	New	Planned
Taxi Framework Contract – Adult Services	Medium	Final Issued
Live Kilometre Support Grant	N/A	Planned
Housing & Public Protection		
Housing Options	Medium	In Progress
Eastside District Housing Office	Medium	Final Issued
Morrison & Clase District Housing Offices	Medium	Final Issued
Neighbourhood Support Unit	Low/Med	In Progress
Housing Loans and Grants	Medium	In Progress
Affordable Housing	New	In Progress
Building Regulations	Low/Med	In Progress
Trading Standards Division	Medium	Draft Issued
Rechargeable Works	Medium	In Progress
Cultural Services		
Outdoor Leisure	Medium	In Progress
St Helens Ground	Low/Med	In Progress
Plantasia	Medium	In Progress
Grand Theatre	Med/High	Final Issued

INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 30/06/18
Central Library	Medium	In Progress
Record Management	<i>New</i>	In Progress
Planning & City Regeneration		
Section 106 Agreements	High	Planned
Landscape	<i>New</i>	Planned
Nature Conservation	<i>New</i>	In Progress
Communications & Marketing		
Civic Admin, Mayoral Services & Mansion House	Low/Med	In Progress
Financial Services & Service Centre		
Cashiers Office	Med/High	In Progress
Write Off Requests by Departments	N/A	Planned
Cashiers Write Offs	N/A	Planned
Bank Reconciliations	Medium	In Progress
School Bank Reconciliations	Medium	Planned
Petty Cash Accounts	Medium	In Progress
Grants Receivable	Med/High	In Progress
Leasing	Medium	In Progress
Income Tax – Self Employed	Medium	Planned
Construction Industry Tax Scheme	Medium	In Progress
Risk Management	High	In Progress
Blue Badges	Medium	In Progress
Budget Strategy & Management	<i>New</i>	Planned
Performance Indicators	<i>New</i>	Planned
Residential Contributions – Assessments	Medium	In Progress
Debt Recovery	High	Planned
Fairer Charging	Medium	Planned
Adult Family Placements	<i>New</i>	Planned
Flexicard Machines and Security	Med/High	In Progress
Legal, Democratic Services & Business Intel		
Land Charges	Low	Planned
Electoral Services	Medium	Final Issued
Human Resources		
Employment of Agency Staff	Med/High	Planned
Health & Safety	<i>New</i>	In Progress
Business Continuity	<i>New</i>	Planned
Digital & Transformation		
ICT Administration	Med/High	In Progress
Oracle Authorisation Limits	Med/High	In Progress
IT Assets	Medium	In Progress
Network Controls – Corporate Network	Medium	In Progress
Network Controls – Firewall Controls Corporate	Medium	In Progress
Virtual Server Environment	Medium	Planned
Internet Controls – Corporate Network	Low/Med	In Progress

INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 30/06/18
Payment Card Industry – Data Security	Medium	In Progress
E-Commerce Controls	Medium	In Progress
Business Continuity - IT	New	Planned
Data Protection – Software Licences	Medium	In Progress
Application Controls – Flare System	Medium	Final Issued
Application Controls – Fostercare System	Medium	In Progress
Change Control	Medium	Planned
Digital Strategy	High	Planned
Telephones (Civic & Guildhall)	Low/Med	Final Issued
IDEA – Extraction of Data	N/A	Planned
IDEA - Data Matching Exercise – NFI	N/A	Planned
Commercial Services		
Supplier Contracts Review	New	Planned
Fundamental Systems		
Payroll	High	Planned
Pensions Administration	High	Planned
Accounts Receivable	High	Planned
Treasury Man Borrowing & Investments	Medium	Planned
Accounts Payable	Medium	Planned
Cash	Medium/High	Planned
Council Tax	Medium	Planned
Main Accounting System	Medium	Planned
Contract Audits Systems		
Corporate Building & Property Services		
Construction Period Control of Contracts	Medium	Planned
Other Departments		
Tendering, Letting and Monitoring	New	Planned
Contract Audits		
Final Accounts	N/A	Planned
Financial Appraisals of Contractors	N/A	Planned
Cross Cutting Audits		
Gift & Hospitality Registers	Low/Med	In Progress
Workforce Planning	New	In Progress
General Data Protection Regulations	New	In Progress
Corporate Governance Review	New	In Progress
Ethics & Values	New	Planned
Miscellaneous Audits		
No planned audits	N/A	N/A
Projects & Special Investigations		
Unpresented Cheques >£2,000	N/A	Planned
Development of Audit Programmes	N/A	Planned
Galileo Audit Management System	N/A	Planned
Annual Plan & Annual Report	N/A	Planned
Health & Safety Group	N/A	Planned

INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 30/06/18
Recommendations Tracker	N/A	Planned
Follow Ups	N/A	Planned
P Card Review of Purchases	N/A	Planned



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

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

Audit year: 2017-18

Date issued: September 2018

Document reference: 803A2018-19

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.

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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 and County of Swansea (the Council) and the City and County of Swansea Group (the Group) at 31 March 2018 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 £8.6 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political 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 Council's 2017-18 financial statements (including its Group), that require reporting under ISA260. A separate report has been issued for the City and County of Swansea Pension Fund.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2018 on 4 June 2018 prior to the agreed deadline of 30 June 2018 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. The audit team has already discussed these issues with the Chief Finance Officer (the Section 151 Officer).

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the 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 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](#). There was no overall impact on the Council's net expenditure or net worth. The net worth of the Group has increased by £9.5 million.

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, material 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 deadline of 31 May and audit deadline of 31 July from 2020-21. Further information is detailed in paragraphs 15 to 18 below.
 - **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.** We planned and performed our audit to address the financial statement risks as reported within our 2018 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 2017-18, 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 2018-19. [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 2017-18 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 back 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 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.

The financial statements and audit deadlines going forward

- 15 Under the Accounts and Audit (Wales) (Amendments) Regulations 2018¹, in the future the Council and the Auditor General are required to meet earlier statutory deadlines. Under the amended regulations the new deadlines are due to change in stages, with the final change taking effect from 2020-21. [Exhibit 1](#) sets out the new dates.

¹ www.legislation.gov.uk/wsi/2018/91/contents/made

Exhibit 1: changes introduced by the amended regulations

Annual financial statements	Financial statements signed by the responsible finance officer (Section 151 Officer)	Financial statements approved by the Council and published (with the signed audit certificate or an explanation for its absence)
2017-18	30 June 2018	30 September 2018
2018-19	15 June 2019	15 September 2019
2019-20	15 June 2020	15 September 2020
2020-21 and thereafter	31 May 2021	31 July 2021

- 16 For the 2017-18 financial statements, management have made strong progress in producing the Council's draft financial statements earlier, without sacrificing their quality. After submitting the statements for audit, Council officers were present and available, and they engaged with us responsively and knowledgeably. These attributes were crucial in enabling us to conclude our main testing well before the end of August.
- 17 This year, management retained the Audit Committee date (to consider and recommend approval of the audited financial statements to Full Council) in September 2018. The rationale for this was that the preparation and audit of the financial statements may not have met the earlier target dates that had been set. Given this year's successful outcome, for next year management intend to provide us with draft financial statements by 31 May 2019 and to also bring the Audit Committee and Council meeting dates forward to August 2019.
- 18 This coming Autumn we will continue to work closely with officers to ensure that further improvements are made to the preparation and audit of the 2018-19 financial statements. A key aspect of these improvements will be to bring more of our audit work forward, so that where possible it is completed before we receive the draft financial statements.

Appendix 1

Final Letter of Representation

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

Representations regarding the 2017-18 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 and City and County of Swansea Group for the year ended 31 March 2018 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.

All material differences between the accounting policies applicable to the City and County of Swansea and the City and County of Swansea Group have been disclosed and accounted for appropriately.

The financial statements are free of material misstatements, including omissions and there are no uncorrected misstatements.

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 20 September 2018.

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:

Chief Finance Officer (S151 Officer)

20 September 2018

Signed by:

Chair of the Council

20 September 2018

Appendix 2

Proposed audit report of the Auditor General for Wales to the City and County of Swansea

The independent auditor's report of the Auditor General for Wales to the Members of the City and County of Swansea

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- City and County of Swansea; and
- City and County of Swansea Group

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

The City and County of Swansea's financial 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 and the related notes, including a summary of significant accounting policies.

The City and County of Swansea Group's financial 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 and the related notes, including a summary of significant accounting policies.

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 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of City and County of Swansea and City and County of Swansea Group as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's or group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the council and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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 financial 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.

Certificate of completion of audit

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City and County of Swansea Group's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the council's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett
For and on behalf of the Auditor General for Wales
25 September 2018

24 Cathedral Road
Cardiff
CF11 9LJ

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.

Value of correction	Nature of correction
£18.1 million	Investments (Note 18 – Table 1 – Page 90) Short term investments within table 1 of Note 18 were overstated by £18.1 million. Cash and cash equivalents were understated by the same amount. The Balance Sheet, Note 18 and the Cashflow Statement were corrected for this misstatement. There was no overall impact on the net worth of the Council.
£17.4 million	Investment Properties (Note 16 – Page 87) There was a casting error of £17.4 million in the closing balance of Investment Properties categorised within level 3 as at 31 March 2017. There was no overall impact on the net worth of the Council.
Various	Borrowing (Note 18 – Table 6 – Page 96) Various amendments were made to the table as the figures included within the draft financial statements for 2017-18 excluded short term borrowing and the 2016-17 comparatives did not reflect audit adjustments identified in the 2016-17 ISA260 report. There was no overall impact on the net worth of the Council.
Various	Group Balance Sheet (Page 25) Within the Group's Balance Sheet is the Council's share of the Wales National Pool Swansea (the Pool) which is a subsidiary organisation. In previous years, the Council has consolidated the Pool into its Group accounts using the subsidiary's valuation basis which was at historic cost less depreciation. There is a requirement for the Council to include its share of the Pool based on its own accounting policy which values the Pool at depreciated replacement cost. This change of valuation methodology to align the accounting policies with the Council, results in an increase in value for the Council's share of the Pool from £2.5 million to £12 million. This increased the value of Property Plant & Equipment in the Group Balance Sheet by £9.5 million with a corresponding increase in the Group's Revaluation Reserve.
Various	Various other minor presentational amendments were made to the draft financial statements.

Value of correction	Nature of correction
	<p>These included the disclosure of Returning Officer fees within Note 30.</p> <p>There was no overall impact on the net expenditure or net worth of the Council.</p>

Appendix 4

Recommendation arising from our 2017-18 financial audit work

We set out the recommendation arising from our audit with management's response. We will follow up this up next year and include any outstanding issues in next year's audit report:

Matter arising 1 – Capital Accounting	
Findings	<p>During 2017-18, 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 2018-19 including:</p> <ul style="list-style-type: none">• 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'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 2018-19 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
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 2018-19 in time for 2018-19 Statement of Accounts compilation.

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WALES AUDIT OFFICE
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Archwilydd Cyffredinol Cymru
Auditor General for Wales

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

Audit year: 2017-18

Date issued: September 2018

Document reference: 775A2018-19

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.

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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.

The team who delivered the work comprised Anthony Veale, Geraint Norman, David Williams, Andrea Williams, Aneesa Ali and George Thomas.

Contents

The Auditor General intends to issue an unqualified audit report on the City and County of Swansea Pension Fund's 2017-18 financial statements, however there are some issues to report to you prior to their approval.

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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 and County of Swansea Pension Fund (the Pension Fund) at 31 March 2018 and its Fund Account 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 £1.9 billion. The quantitative levels at which we judge such misstatements to be material for the Pension Fund is £19.1 million. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political 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 2017-18, 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 2018 on 25 May 2018, prior to the agreed deadline of 30 June 2018, and we have now substantially completed our audit work. The preparation of the draft financial statements within this timescale is a considerable achievement.
- 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 Chief Finance Officer (S151 Officer).

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the 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 remain uncorrected.

Corrected misstatements

- 10 There are 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. They are set out with explanations in [Appendix 3](#). These amendments increased the value of investments in the Net Assets Statement by £2.5 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

- 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.** 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, as reported last year, we did identify that controls over the year end reconciliations between pension and payroll systems can be further 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 2017-18 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 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 Pension Fund that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

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

Representations regarding the 2017-18 financial statements

This letter is provided in connection with your audit of the financial statements of City and County of Swansea Pension Fund for the year ended 31 March 2018 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 of Practice on Local Authority Accounting in the United Kingdom 2017-18 based on International Financial Reporting Standards (IFRSs); 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 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. There are no material misstatements which remain uncorrected.

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 20 September 2018.

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:

Chief Finance Officer (S151 Officer)

Date:

Signed by:

Chair of the Council

Date:

Appendix 2

The independent auditor's report of the Auditor General for Wales to the members of City and County of Swansea as administering authority for City and County of Swansea Pension Fund

Report on the audit of the financial statements

Opinion

I have audited the financial statements of City and County of Swansea Pension Fund (the Pension Fund) for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004. The Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. 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 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2018, and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit. The information contained in the Introduction and Appendices 1 - 5 of the financial statements for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

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 financial 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.

Certificate of completion of audit

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the responsible financial officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony Barrett
For and on behalf of the Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

25 September 2018

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.

Value of correction	Nature of correction
+£2,474,000	The HarbourVest private equity fund was undervalued by £2,474,000 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 £2,474,000.
-£5,000,000	Capital and contractual commitments disclosed in Note 17 of the draft financial statements were overstated by £5,000,000. This was a result of an error in converting monetary amounts from Euros to Sterling. This amendment did not impact on the Net Assets Statement as this is a disclosure note.
Various – membership statistics	Membership statistics in Note 21 of the draft financial statements were increased to take account of new information received post 31 March 2018.
Various – disclosures	The related parties note was updated to improve the transparency of the disclosures in relation to key management personnel. This is a requirement of CIPFA's Code. We also agreed some improvements to the Accounting Policy disclosure notes.
Various – other	Various other minor presentational amendments were made to the draft financial statements.

Appendix 4

Recommendations arising from our 2017-18 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:

Matter arising 1 – Membership Numbers	
Findings	<p>As reported in previous years, there was a net difference of 218 member numbers between the closing balance 2016-17 as reported in last years audited financial statements and the opening balance for 2017/18 as detailed by the membership numbers report produced from the pensions system (Note 21).</p> <p>Information is received from admitted and scheduled bodies relating to the previous financial year throughout 2017-18. The membership report detailing the 2017-18 opening balances was generated on 8 June 2018. The Pension database is a 'live' system, opening and closing balances are updated as information is received from external bodies by the administration team.</p> <p>Consequently, timing differences arise in relation to opening and closing balances dependent upon when membership number reports are generated. Throughout 2017-18, admitted and scheduled bodies were encouraged to provide more up to date information on pensioner numbers to ensure that membership numbers recorded on the pension database were accurate.</p>
Priority	High
Recommendation	The Council should continue to 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	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.
Accepted in full by management	It already does.
Management response	Management does and shall continue to remind employers of the importance of providing timely and accurate information.
Implementation date	Sep 2018

Matter arising 2 - Reconciliation of the ALTAIR Database

Findings	As reported in previous years, 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 again for the same reasons as previously reported, primarily a slow response rate from admitted bodies. At the time we completed the audit fieldwork an employer return was still outstanding from Ystalyfera CC.
Priority	Medium.
Recommendation	The Council must complete the year-end reconciliation of the ALTAIR database to the payroll systems as soon as possible. Differences need to be resolved with admitted bodies.
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	Agreed.
Management response	Management undertakes to complete year end reconciliations with all employers in a timely manner, however co-operation and input from said employers is required. It should be recognised that the outstanding employer above is a newly admitted body and has one member, which should not be material for audit purposes.
Implementation date	Sep 2018

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Report of the Chief Auditor

Audit Committee – 11 September 2018

Internal Audit Section – Fraud Function Annual Report for 2017/2018

Purpose:	This report provides a summary of the work completed by the Fraud Function of Internal Audit in 2017/18.
Policy Framework:	None.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that Committee review and discuss the work of the Fraud Function of Internal Audit in 2017/18 and its progress against the Fraud Function Internal Audit Annual Plan for 2017/18.
Report Author:	Jonathon Rogers/Jeff Fish
Finance Officer:	Jonathon Rogers/Jeff Fish
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. INTRODUCTION

- 1.1 A Fraud Function consisting of 3 officers was established within the Internal Audit Section on 1 June 2015 for an initial 2-year trial period. Funding to make the Function permanent was provided in December 2016.
- 1.2 This report provides a 12-month summary of the activities of the Fraud Function for 2017/18 and reviews achievements compared to target outcomes contained in the Fraud Function Anti-Fraud Plan for 2017/18.
- 1.3 The Fraud Function Anti-Fraud Plan for 2018/19 was presented to the Audit Committee on 10th April 2018. This advised that due to significant ongoing corporate pressures in respect of diminishing financial resources, the Fraud Function Manager post was deleted from April 2018 following an agreement to allow the post holder to leave the Council via early redundancy.

2. OVERVIEW OF ACTIVITIES

- 2.1 Activities broadly fall into two main categories:
- Activities and cases solely investigated by the team including: council tax reduction, direct payments for social care, social housing tenancy fraud, employee issues and special investigations, and fraud awareness.
 - Suspicious Council Tax Reduction claims and associated tenancy fraud considered as part of the Joint Working with the Department for Work and Pensions (DWP).
- 2.2 The team have also continued to manage the National Fraud Initiative 2016 (NFI16) in 17/18.
- 2.3 Appendix 1 provides an overview of the activities of the team for 2017/18 excluding NFI16 which is shown at 4.4 below.
- 2.4 Appendix 2 provides further data for 2017/2018 in respect of council employees. (NB: Figures in Appendix 1 are inclusive of those shown in Appendix 2)

3. THE VALUE OF THE FUNCTION

- 3.1 The team contributes to the Council's corporate vision and priorities by investigating allegations of fraud and corruption against the Authority, both from within the organisation and from external third parties.
- 3.2 The value of this function to the Authority can be 'measured' via the following headings:
- 3.2.1 **Deterrent value:**
The deterrent value of having a function is invaluable. It offers a confidential mechanism to report concerns, showing that those concerns are acted upon, taking appropriate sanctions such as disciplinary action or criminal prosecutions, and reporting outcomes as appropriate.
- 3.2.2 **Strengthening procedures & workforce relationships:**
Internal investigations may not yield immediately quantifiable financial outcomes. However, they can and have had a positive effect as a consequence of:
- Changing policies and procedures that reduce the potential for subsequent loss by fraud or error by enhancing robustness and delivering efficiencies.
 - Stopping inappropriate practices can increase morale and enhance relationships between colleagues and managers and service users thereby positively effecting performance.
- 3.2.3 **Outcomes with financial implications:**
Activities may identify money, or assets that have been claimed or misappropriated via fraud or error, which are targeted for recovery. For example:
- Overpayments of Housing Benefit, Council Tax Benefit, Council Tax Reduction.
 - Council properties returned to stock.
 - Money resulting from action taken under the Proceeds of Crime Act 2002.

Activities may also result in additional liability being created. For example via the removal of Council Tax discounts and exemptions.

4 KEY ACTIVITIES 2017/18

4.1 Review of Direct Payment Strategy/Forms

4.1.1 Recent investigations into suspicious claims for Direct Payments for social care were in part responsible for the commencement of a review of relevant procedures, forms and documentation by all relevant internal stakeholders including: Social Services, Social Care Income and Finance Team, Legal Services and this team.

4.1.2 The aim of the review was to improve all documentation and procedures and avoid ambiguity by:

- Streamlining the content and using clear / plain language,
- Ensuring that applications capture all relevant information, and,
- Clearly expressing the roles, responsibilities and obligations of service users and their representatives,
- Ensuring that declarations are criminally robust, i.e. that they do not preclude prosecutions being considered in appropriate instances,
- Ensuring that records made by staff are accurate and complete,
- Ensuring that services users and the Social Care Income and Finance Team are fully aware of the current Direct Payment package and are informed of the outcome of care reviews as a matter of course.

4.1.3 All of the review aims were met and have been implemented.

4.2 Joint work with DWP's Fraud and Error Service

4.2.1 As previously reported in the Annual Report for 2016/17, following the introduction of the DWP's Single Fraud investigation Service (SFIS) in June 2015, the DWP became solely responsible for investigating all welfare benefit frauds, including Housing Benefit and Council Tax Benefit.

4.2.2 However, due to concerns raised mainly by Local Authorities(LA's) regarding potential loss of local knowledge, reduced information sharing, and Council tax Reduction (CTR) offences either not being investigated, or LA's undertaking a separate investigation alongside SFIS investigations, the Government introduced a joint working pilot.

4.2.3 The pilot ran from November 2015–May 2017. Across the UK seven LA's including Swansea jointly investigated fraud allegations concerning both welfare benefit frauds and CTR. Swansea have been commended on a number of occasions for leading this pilot and have frequently been involved in shaping and leading the pilot.

4.2.4 The aim of the pilot was to bring together the combined expertise of DWP's SFIS and LA CTR fraud officers via:

- Sharing of information to support each organisation's fraud detection work.
- Joint investigations with a view to a single outcome / prosecution.

4.2.5 In December 2016, it was agreed to extend the pilot to include 'linked' Social Housing Tenancy fraud.

4.2.6 On completion of the pilot, the Government concluded that joint working “Protects the integrity of the Welfare Benefit, Tax Credits, and Local Government systems”.

4.2.7 As a consequence a National roll-out is due to commence October 2018.

4.2.8 Data outcomes for this work are shown at Appendix 1. Although there was a small decrease in the number of cases investigated the value of overpayments realised increased significantly by 78% from £162,950.10 to £290,685.17. In this period there were 2 successful prosecutions and 2 Administrative Penalties in lieu of prosecution accepted. (NB: Due to the length of investigations sanction outcomes often occur in subsequent years)

4.3 **National Fraud Initiative 2016**

4.3.1 NFI is a bi-annual data matching exercise delivered by the Cabinet Office.

4.3.2 Data matching involves comparing computer records held by one organisation against computer records held by the same or another organisation to see how far they match.

4.3.3 Records that are subject to data matching include:

- Blue Badge
- Creditors
- Housing waiting lists
- Immigration
- Market traders
- Payroll & Pensions
- Licensing
- Personal budgets for social care
- VAT overpaid

4.3.4 Matches are categorised as High Priority, Medium Priority, and by Address.

4.3.5 Matched records are simply that. They could be legitimate matches where there is nothing untoward, or they could highlight inconsistencies that may require further investigation.

4.3.6 No assumption can be made as to whether there is fraud or error until an examination / investigation has been carried out.

4.3.7 For Swansea, the exercise has been coordinated by the Chief Internal Auditor and the Fraud Function.

4.3.8 Swansea received 123 Reports containing 11,236 matches, with 2,197 classed as ‘Recommended’ matches.

4.3.9 Due to the volume of matches the Cabinet Office do not expect all matches to be examined.

4.3.10 In order to target limited resources in the most efficient way as possible, matches were allocated / examined via sampling and filtering, concentrating on High Quality Reports, and Recommended Matches.

- 4.3.11 To date outcomes show:
- 2,036 matches examined across 108 Reports.
 - 1,660 matches with no issues / information already known.
 - 293 matches where fraud / error were identified.
 - 83 ongoing matches.
 - £52,005.73 in confirmed overpayments / estimated forward savings.

4.4 **Fraud Awareness**

- 4.4.1 The Fraud Function produced a corporate staff induction guide to Fraud Awareness to replace the third party online package which was no longer fit for purpose.
- 4.4.2 A Staffnet Bulletin was also produced to provide staff with information and advice on tackling fraud in the workplace and how to minimise the risk of losses resulting from fraud and error. The Bulletin was also highlighted in the Chief Executive's Blog of 09.06.17.
- 4.4.3 A Presentation titled 'Tackling Fraud Together' was delivered to the Audit Committee. The aims were:
- To clarify the Council's obligations to tackle fraud.
 - To highlight the principles of good fraud risk management.
 - To underline the Council's arrangements for tackling fraud
- 4.4.4 Following a dialogue between the Unions and Human Resources clarification was provided regarding the potential for criminal action in respect of school staff. Suggestions from the Unions were taken into account and processes agreed and implemented.
- 4.4.5 Briefing notes were issued to schools titled 'Tackling Counterfeit Cheque Fraud via Internet Banking' and 'Preventing Credit Card Fraud'.

4.5 **Inter-Agency work and Data Exchange**

- 4.5.1 During 2017/18 the team has continued to develop its role in inter-agency working and data exchange.
- 4.5.2 Representatives have attended regular meetings and shaped the development of the Local Authority Welsh Anti-Fraud Officers group.
- 4.5.3 Staff have also attended regular inter agency meetings with other government agencies tackling organised crime.
- 4.5.4 In year, the Function has handled 447 requests for information from other government agencies. A 39% increase on the previous year reflecting that the identity and role of the team is becoming established and leading to effective data sharing.

4.6 Special Investigations

- 4.6.1 Two significant school based investigations were undertaken in 2017/18 which involved a review of the administrative processes and adherence to standard procedures. One investigation resulted in a number of recommendations being made. The results of a subsequent follow up visit at the school showed that significant progress had been made in addressing the issues that had been identified, with 19 of the 22 recommendations being fully implemented. The implementation of the outstanding 3 recommendations will be checked as part of the next full audit due in 2019/20. The second investigation is currently ongoing.

4.7 Review of the Fraud Function Plan for 2017/18

- 4.7.1 Of the 9 planned Fraud Function activities 6 were fully achieved and 3 partly achieved. Appendix 3 provides commentary against these activities.
- 4.7.2 For those activities partly achieved the teams limited resources and the requirements of reactive work, in particular employee investigations, restricted the opportunities for proactive work to be fully developed against the plan. Albeit the number of employee investigations marginally decreased.

5. Equality and Engagement Implications

- 5.1 There are no equality and engagement implications associated with this report.

6. Financial Implications

- 6.1 There are no financial implications associated with this report.

7. Legal Implications

- 7.1 The Accounts and Audit (Wales) Regulations 2014 require the maintenance of an adequate and effective system of internal audit of the Council's accounting records and control systems. This is essential to the prevention and detection of fraud and corruption and is a key element of the Chief Finance Officer's statutory duties as contained in section 151 of the Local Government Act 1972.

Background Papers: None

Appendices:

- Appendix 1 - Overview of activities for 2017/18 excluding NF116.
Appendix 2 - Data for 17/18 in respect of council employees.
Appendix 3 - Review of the Fraud Function Plan for 2017/18.

Appendix 1 - Overview of activities for 2017/18(excluding NFI 2016)

Overview of cases:

Type	Joint Working with DWP	FF only	Total
Brought forward from 2016/17	28 (11)	37 (24)	65 (35)
New cases in 2017/18	29 (55)	169 (188)	198 (243)
Total	57 (66)	206 (212)	263 (278)

(Figure in bracket/italics refer to 16/17)

Status of cases:

Type	Joint Working with DWP	FF only	Total
Cases closed	27 (35)	170 (178)	197 (213)
Cases to be considered	0 (0)	12 (11)	12 (11)
Cases under investigation	30 (31)	24 (23)	54 (54)
Total	57 (66)	206 (212)	263 (278)

(Figure in bracket/italics refer to 16/17)

Overpayments created:

Joint Working with DWP cases				FF only cases
Created via FF		Created via DWP		
CTR	Other	HB & CTB	DWP	
£24,946.87 <i>(£12,192.88)</i>	£1,110.30 <i>(£1,791.75)</i>	£141,316.75 <i>(£80,355.67)</i>	£123,311.25 <i>(£68,609.80)</i>	
£26,057.17 <i>(£13,984.63)</i>		£264,628.00 <i>(£148,965.47)</i>		
£290,685.17 <i>(£162,950.10)</i>				CTR & Other
				£7,184.13 <i>(£21,649.53)</i>

(Figure in bracket/italics refer to 16/17)

Total of all overpayments
£297,869.30 <i>(£184,599.63)</i>

Appendix 2 - Data for 2017/2018 in respect of council employees

Type	Cases	Employees
Brought forward from 2016/17	9 (4)	10 (15)
New cases in 2017/18	15 (22)	25 (35)
Total	24 (26)	35 (50)

(Figure in bracket/italics refer to 16/17)

Reason	Cases	Employees
Abuse Of Position	2	2
Expenses	1	1
Flexi Abuse	5	6
Not following procedures	2	2
Theft	6	9
Working whilst on sick leave	3	3
Other	5	12
Total	24	35

Employee Outcomes	
Type	Number
Investigation not appropriate	2
Investigated but no further action appropriate	5
Other Action Taken	5
Resigned before disciplinary hearing	5
Ongoing investigation	18
Total	35

Appendix 3 - Review of the Fraud Function Plan for 2017/18

Activity	Detail	Target Outcomes	Outcomes Achieved
<p>1. Continue to consider new areas of activity:</p> <ul style="list-style-type: none"> • Planning, • Preparation, • Procedures. 	<p>To continue to explore new areas with a view to undertaking proactive activity:</p> <ul style="list-style-type: none"> • Business Rates. • Grants. • Personal budgets for social care. • Procurement. 	<p>'Fact finding' in order to establish an understanding of relevant legislation and best practices.</p> <p>Devise and implement proactive 'pilot' exercises to:</p> <ul style="list-style-type: none"> • Assist in ensuring that funds are used for the intended purposes. • Maximise income from Business Rates • Identify fraud and error. • Seek to recover losses. • Take criminal action in appropriate cases. 	<p>Partly achieved.</p> <p>Limited resources and the requirements of reactive work have restricted the opportunities for proactive work to be undertaken in all areas.</p> <p>However, individual investigations into Personal Budgets for Social Care and procurement have been undertaken.</p> <p>As a consequence, knowledge and expertise has increased in these areas, and recommendations regarding procedures have been made as in order to enhance the robustness of processes and monitoring.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
<p>2. Tackle social housing tenancy fraud</p> <p style="text-align: center;">Page 62</p>	<p>Continue to work in partnership the Housing Department and Legal Section to combat tenancy fraud: from unlawful subletting to bogus succession claims.</p>	<p>Raise awareness of the problem of social housing fraud and the damage that it does.</p> <p>Prevent the unlawful succession to social housing properties by people that do not have a right to succeed the tenancy</p> <p>Reduce the number of properties being unlawfully sub-let.</p> <p>Recover properties where tenancy fraud has been identified.</p> <p>Undertake criminal prosecutions & utilise Unlawful Profit Orders to recover any profit made by offenders, in accordance with the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006.</p>	<p>Fully achieved.</p> <p>Single points of contact previously established with the Housing Department and Legal Section continue to be utilised and enhanced.</p> <p>Guidelines / procedures previously devised in conjunction with Housing & Legal officers as regards necessary actions to expedite instances where Tenancy Fraud is identified have been satisfactorily 'tested'.</p> <p>Council property has been returned to stock as a direct consequence of fraud investigations.</p>
<p>3. Tackle Council Tax fraud</p>	<p>Utilise internal and external Data Matching products to identify potential discrepancies in Single Person Discounts and other Council Tax discounts, disregards and exemptions.</p>	<p>Recover single person discounts 'incorrectly' claimed.</p> <p>Recover other disregards and discounts 'incorrectly' claimed.</p>	<p>Fully achieved.</p> <p>Incorrectly claimed discounts and exemptions have been identified via individual investigations and via internal & external data matching.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
<p>4. Tackle Personal Budgets for Social Care (Direct Payments)</p>	<p>Continue to review and develop processes to aid the identification and investigation of any fraud.</p>	<p>Officers to attain a practicable appreciation of relevant legislation and related processes applied to the application and monitoring of Direct Payments.</p> <p>To consider 'suspicious' cases with a view to determining appropriate action, including:</p> <ul style="list-style-type: none"> • Seeking to ensure procedures and documents are adequately robust. • Identifying potential overpayments. • Instigating criminal proceedings where appropriate. 	<p>Fully achieved.</p> <p>Officers have dealt with several Direct Payments cases and attained relevant knowledge in this area.</p> <p>Officers have participated in a review of the direct Payments Strategy Processes.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
5. Tackle Council Tax Reduction (CTR) fraud	<p>The team will continue to investigate CTR fraud where no other welfare benefit is in payment.</p> <p>To continue to participate in the joint working pilot with SFIS.</p>	<p>Sharing information and expertise:</p> <ul style="list-style-type: none"> • To ensure that the totality of welfare benefit and CTRS and Tenancy frauds tackled in the most efficient and effective manner. • To identify overpayments and excess reductions. • To take sanction action in appropriate cases. Administrative Penalties and prosecutions. 	<p>Fully achieved.</p> <p>Although the joint working pilot ended in May 2017, the team remains committed to tackling CTR fraud by adopting joint working with SFIS as a 'business as usual' function prior to the national roll-out October 18.</p>
Tackle Procurement fraud	<p>Continue to develop proactive work in this area.</p>	<p>Establish a formal relationship between the team and the Procurement Team.</p> <p>Attain a practicable appreciation of relevant legislation and related processes.</p> <p>Determine whether any proactive work can be undertaken with a view to undertaking sample testing.</p>	<p>Partly achieved.</p> <p>Relationships have been established via fact finding linked to potential cases.</p> <p>Limited resources and the requirements of reactive work have restricted the opportunities for proactive work to be undertaken in this area.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
7. National Fraud Initiative (NFI)	Continue to participate in and manage and co-ordinate the National Fraud Initiative.	<p><u>Benefit related matches:</u> As appropriate, liaise with the appropriate Benefits officer and SFIS to ensure that all relevant NFI Reports are examined/considered so that:</p> <ul style="list-style-type: none"> • Fraud, error, overpayments and excess reductions are identified. • To take appropriate against offenders. <p><u>Non-Benefit related matches:</u></p> <ul style="list-style-type: none"> • The team will mainly deal with the following matches: • Housing Tenants to Housing Tenants, • Housing Tenants to Council tax Reduction, • Housing Benefits to Council Tax Reduction, • Council Tax Reduction to Housing Benefits, • Housing Tenants, Payroll, Pensions, Taxi Drivers. • Officers based in Accounts Receivable, Audit, Customer Services and Pensions will deal with 'other' matches as necessary. 	Fully achieved. In conjunction with the Chief Auditor, the team coordinated and monitored the allocation and examination of all relevant reports & matches. The examination of all relevant reports / matches is nearing completion (see point 4.3).

Activity	Detail	Target Outcomes	Outcomes Achieved
<p>8. Tackle other internal and external fraud, examples includes:</p> <ul style="list-style-type: none"> • Abuse of Position • Blue badge • Flexi time • Income collection / banking • Payroll • Pensions • Travel and subsistence 	<p>During 2017/18, the team will continue to investigate various anomalies and referrals.</p> <p>The team will continue to work with internal departments and external organisations in order to undertake risk assessments, and gather intelligence and evidence to point towards or away from fraud and error.</p> <p>Subject to available resources, the team will consider and investigate any other frauds if it is in the best interests of the Council and the general public it serves.</p>	<ul style="list-style-type: none"> • To retain public confidence. • To maintain the Council's good reputation. • To identify fraud, error and over payments. • To instigate criminal proceedings as appropriate. • To recover losses. 	<p>Partly achieved.</p> <p>The team considers all allegations made.</p> <p>However, as a consequence of limited resources and the requirements of other reactive work which may attract a higher priority, in some instances the team may not be in a position to take an allegation forward.</p>

Activity	Detail	Target Outcomes	Outcomes Achieved
9. Raising Awareness	<p>Continue to raise awareness of the role of team both inside and outside the Council.</p> <p>The aim is to maintain reputation and to encourage the reporting of potential fraud in the belief that action will be taken.</p>	<p><u>Staff</u></p> <ul style="list-style-type: none"> • New – A guide to Corporate Fraud for inclusion in HR Induction Training has been devised. • Existing – Continue to develop and deliver training as and when required. <p><u>Members</u> Continue to deliver / presentations reports to the Audit Committee and other members as necessary.</p> <p><u>Contractors</u> Develop a guide that highlights their role in combatting fraud.</p> <p><u>Public</u> Continue to publicise activities, successes, and prosecutions.</p> <p><u>External Partners</u> To continue to develop external partner relationships.</p>	<p><u>Staff</u> -Target achieved.</p> <ul style="list-style-type: none"> • New - A bespoke guide is included in HR Induction Training. • Existing - A bulletin was issued to all staff. • Guidance was provided to the Unions regarding school staff. <p><u>Members</u> - Target achieved. Reports and updates have been delivered regularly to the Audit Committee.</p> <p><u>Contractors</u> - Target partly achieved. Other priorities have meant the guide has not been fully developed.</p> <p><u>Public</u> - Target achieved Publicity regarding FF's activities has appeared in the South Wales Evening Post and other media outlets.</p> <p><u>External Partners</u> – Target achieved.</p> <p>Relationships extended and embedded.</p>

Agenda Item 8



Report of the Chief Auditor

Audit Committee – 11 September 2018

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:	Tracey Meredith
Access to Services Officer:	Rhian Millar

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 As agreed in 2016/17 an Action Tracker process was put in place to ensure transparency over the outcomes of actions agreed by Committee.
- 1.3 The Action Tracker records the actions agreed by the Audit Committee and provides an outcome for each action.
- 1.4 The Action Tracker for the 2017/18 and 2018/19 municipal years are attached in Appendix 1 and 2.
- 1.5 The Action Tracker is regularly updated and any completed actions will be marked 'CLOSED' and coloured in grey.
- 1.6 The Action Tracker is 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 2018/19

Appendix 2 – Action Tracker 2017/18

Appendix 1

AUDIT COMMITTEE ACTION TRACKER 2018/19	
Action	Outcome
14/08/18 Min 31 – Draft Audit Committee Annual Report 2017/18	
The Annual Report, with the suggested amendments in relation to the narrative in paragraph 9.4 (Risk Registers) be approved and presented to a future meeting of the Council	Suggested amendments were made to the Draft report, with the revised version being circulated to Members. The final version will be presented to Council later in the year.
14/08/18 Min 32 – Audit Committee Performance Review 2017/18 Action Plan	
The approved action plan should be appended to the Audit Committee Workplan for the September and December meetings.	The approved Action Plan will be appended to the workplan at these meetings as requested to track implementation of the agreed actions.
17/07/18 Min 20 – Draft Annual Governance Statement 2017/18	
The Chair and Head of Legal, Democratic Services & Business Intelligence discuss amendments to the Annual Governance Statement (AGS) 2017/18. An amended version it to be circulated to Audit Committee. A special meeting should be called to approve the amended version if necessary.	Amended version of the AGS was distributed to Members on the 13/08/18. A special meeting was held on the 23/08/18 to review and discuss the amendments and to approve the AGS. - CLOSED
The Chair is to discuss the term 'sustainable savings' in the AGS with the Head of Financial Services & Service Centre.	
17/07/18 Min 20 – Draft Statement of Accounts 2017/18	
A briefing note is to be provided to the Committee on the position of Charitable Trust Funds to provide clarity on why they are not included in the Statement of Accounts.	Chief Treasury & Technical Officer has been informed of this request and is due to discuss with the Chair.
26/06/18 Min 17 – Audit Committee Review of Performance 2017/18	
The Chair meets the Chief Executive to discuss the impact of the 31 high level risks identified and how the Authority is managing those risks.	The Chair is due to meet with the Chief Executive and The Chief Finance Officer on the 28/09/18.
The Committee resolved to attend an Audit Committee of another public body. Mid and West Wales Fire Authority was proposed and agreed. It was also proposed that the Chair and Vice Chair visit an Audit Committee of another Local Authority, with RCT CBC being proposed.	Arrangements are being made for the Chair and Vice Chair to attend a committee meeting at Cardiff Council – date to be confirmed.
12/06/18 Min 5 – Internal Audit Monitoring Report Quarter 4 2017/18	
Deferred audits relating to governance and risk to be undertaken in Q1 or Q2 2018/19.	Committee have already been made aware that these two audits have been prioritised in Q1 & Q2. Both audits were started in Q1 and are underway. Results will be reported back to Committee via the Quarterly Report in due course. Audits are ongoing.
GDPR should be added to the 2018/19 audit programme and the Committee should be advised if the Council is GDPR compliant.	GDPR was already included on the 2018/19 audit programme following the consultation exercise and review of risk registers to inform the planning of the 18/19 audit plan. This has also been prioritised in Q1. Results of the audit will be reported back to Committee via the Quarterly Report in due course. Audit is ongoing.

12/06/18 Min 6 – Social Care Contracts Audit	
An update on the progress made in addressing the issues identified should be provided to Audit Committee at a later date.	Following meeting on the 14/08/18 at Committee's request, a representative from department is due to attend the December committee meeting to provide an update. Further update has been scheduled for April 2019.
12/06/18 Min 9 – 2016/17 Performance Review Update Report	
The Performance Review 2016/17 update report is to be discussed at the Special Audit Committee scheduled to take place on 26/06/18.	Issues identified were discussed and covered as part of the Performance Review on 26/06/18. CLOSED
12/06/18 Min 12 – Overall Status of Risk Report Q4 2017/18	
The Strategic Delivery & Performance Manager provides the Chair with access to the Risk Register.	Work is underway with ICT to facilitate this.

Appendix 2

AUDIT COMMITTEE ACTION TRACKER 2017/18	
Action	Outcome
10/04/18 Min 73 – Work of Policy Development & Delivery Committees	
The Audit Committee be supplied with a written explanation of the roles of the Policy Development & Delivery Committees (PDC's) as well as their link with corporate objectives.	Chief Auditor sent e-mail to the Leader's PA on 18/06/18 requesting the information to be provided. An update report will be brought to committee at a future meeting. Email sent to Head of Democratic Services on 15/08/18 requesting update. Update report due to be presented to Committee on 09/10/18.
The Audit Committee be supplied with the end of year report for PDC's for the current Municipal year.	As above.
The Audit Committee be supplied with the structure/work plan for the next Municipal year for each PDC including expected outcomes and timelines.	As above.
10/04/18 Min 72 – Key Risks	
The Committee should have 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.	
10/04/18 Min 77 – Internal Audit Plan 2018/19	
The Internal Audit Plan 2018/19 was approved subject to a few refinements to be discussed with the Chief Auditor and Chair. An amended Audit Plan to be provided at the next meeting of the Audit Committee.	Following discussions with the Chair it was agreed that the 2018/19 Audit Plan remain unchanged with any suggested revisions to be incorporated into future plans. CLOSED
10/04/18 Min 80 – Audit Committee Performance Review 16/17 Update	
An update is to be provided to Audit Committee on the actions arising from the 2016/17 Performance Review.	Update report provided at committee meeting 12/06/18. CLOSED
08/03/18 Min 67 – Internal Audit Monitoring Report – Moderate Reports	
The Chief Auditor is to write to all Heads of Service (HoS) and Directors to inform them of Committees decision to invite all HoS to attend the next Audit Committee Meeting to explain the action that will be taken to address any points arising in any moderate or limited assurance reports that have been presented to Committee as part of the Chief Auditor's Quarterly Monitoring Report. A summary e-mail outlining the new agreed process to be distributed to all Committee Members once the minutes of the meeting on the 08/03/18 have been published.	E-mail outlining the new process was sent to all HoS and Directors on 22/03/18 as requested. E-mail outlining the agreed new process was distributed to all Committee Members on 23/03/18. CLOSED

08/03/18 Min 67 – Internal Audit Monitoring Report – Moderate Reports	
On issuing a moderate or limited assurance audit report, the relevant Cabinet Member should also be included in the distribution list when the final report is issued.	The relevant Cabinet Member will be included in the distribution list for any moderate and limited assurance reports from 08/03/18. Principal Auditor has been instructed to ensure this is in place going forward. CLOSED
08/03/18 Min 68 – Amendments to Contract Procedure Rules	
Once the amendments to the Contract Procedure Rules have been finalised, a copy should be forwarded to all Schools' Governing Bodies to make them aware of the changes. Schools are also to be requested to ensure the amended CPRs are included as an agenda item on the next Finance Committee and Building/Property Committee Meeting.	Amended Contract Procedure Rules are currently going through a consultation process. Chief Auditor discussed proposed amendments with Head of Commercial Services on 30/07/18. Further e-mail sent to Head of Commercial Services on 20/08/18. Awaiting proposed amended version.
12/12/17 Min 53 – Good Governance When Determining Significant Service Changes	
The impact of the proposed cuts included in the 2018-19 budget and the potential impact upon the Internal Audit Section was discussed. It was resolved that the Chair, on behalf of the Audit Committee, writes to the Chief Executive highlighting concern regarding the potential impact of the proposed cuts on the Internal Audit Section.	Letter was sent to the Chief Executive on 20/12/17 as requested. Letter and response presented to Committee on 08/03/18 for information. – CLOSED
12/12/17 Min 56 – Internal Audit Monitoring Report Q2 17/18	
The appropriate Head(s) of Service are requested to attend the next scheduled meeting in order to update the Committee regarding the progress in respect of their moderate audit ratings.	As agreed at the meeting on the 08/03/18 those HoS that have received reports with moderate assurance ratings will be invited to attend the next committee meeting to explain how they are addressing the issues identified. Staggered invitations commenced from 10/04/18 meeting, and as they arise going forward. - CLOSED
26/09/17 – Procurement in Schools	
A meeting to be arranged with Procurement and Education representatives do discuss procurement issues at schools as identified in the Annual Report of School Audits. An update on Procurement is to be provided in the February meeting.	Meeting was held with representatives from Education, Procurement and Audit on 18/01/18. Feedback from the meeting provided to Audit Committee on 08/03/18. CLOSED
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.	Due to the departure of the previous Chair, no action has been taken to date. This and other development actions will be picked up as part of the next Performance Review initially scheduled for June 2018 with the new Chair in post. - CLOSED
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

Agenda Item 9



Report of the Chief Auditor

Audit Committee – 11 September 2018

Audit Committee – Workplan 2018/19

Purpose:	This report details the Audit Committee Workplan to May 2019
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar
For Information	

1. Introduction

- 1.1 The Audit Committee's Workplan to May 2019 is attached in Appendix 1 for information.
- 1.2 The dates included for the meetings in 2018/19 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 2018/19

Appendix 2 – Performance Review 2017/18 Action Plan

Appendix 3 – Audit Committee Statement of Purpose

Audit Committee Workplan 2018/19

Terms of Reference	12 June 2018	26 June 2018 (Special)	17 July 2018	14 August 2018	11 September 2018	9 October 2018	11 December 2018	12 February 2019	9 April 2019
Training	Audit Committee Initial Training Risk Management		Financial Management & Accounting Governance	Internal Audit	External Audit	Counter Fraud			
Governance	Election of Chair & Vice Chair Audit Committee Training Programme 2018/19		*Draft Annual Governance Statement 2017/18	Draft Audit Committee Annual Report 2017/18	AC Performance Review 17/18 Action Plan Update	Chair of Scrutiny Programme Committee Update on work of PDC's	AC Performance Review 17/18 Action Plan Update	AC Performance Review 17/18 Action Plan Update	
Internal Audit	Internal Audit Monitoring Report Q4 2017/18 Performance Review 16/17 Action Plan Update Report			Internal Audit Annual Report 2017/18 Audit Committee Review of Performance 2017/18 Action Plan - Draft	Internal Audit Monitoring Report Q1 2018/19	Annual Report of School Audits 2017/18 Chief Education Officer response to Schools Audit Report	Internal Audit Monitoring Report Q2 2018/19 Recommendation Tracker Report 2017/18 Social Care Contracts Update	Internal Audit Monitoring Report Q3 2018/19 Internal Audit Annual Plan Methodology Report 2019/20	Internal Audit Charter 2019/20 Internal Audit Annual Plan 2019/20 Social Care Contracts Update
Risk Management & Performance	WAO Proposals for Improvement Report – Six Month Update Overview of the Overall Status of Risk Report Q4 2017/18			Overview of the Overall Status of Risk Report Q1 2018/19			Overview of the Overall Status of Risk Report Q2 2018/19	WAO Proposals for Improvement Report – Six Month Update Overview of the Overall Status of Risk Report Q3 2018/19	Overview of the Overall Status of Risk Report Q4 2018/19
Counter Fraud					Corporate Fraud Annual Report 2017/18				Corporate Fraud Annual Plan 2019/20
External Audit		Audit Committee Review of Performance 2017/18			WAO ISA 260 Report 2017/18 – CCS WAO ISA 260 Report 2017/18 – Pension Fund		WAO Annual Audit Letter 2017/18	WAO Grants Report 2017/18 WAO Annual Audit Plan 2018/19 CCS & Pension Fund	Audit Committee Review of Performance 2018/19
Financial Reporting			Draft Statement of Accounts 2017/18 - CCS Letters of Representation CCS & Pension Fund	Draft Statement of Accounts 2017/18 - Pension Fund		Trusts & Charities Update Report	Review of Reserves Report Treasury Management & Budgetary Control Update		

Note: Audit Committee Action Tracker Report and Audit Committee Workplan will be included as agenda items at each meeting. An update from WAO will also be on the agenda for each meeting

*Special Meeting held 23/08/18 to discuss and approve the amended Annual Governance Statement 2017/18

**KEY FINDINGS & PROPOSED ACTION PLAN
AUDIT COMMITTEE PERFORMANCE REVIEW 2017/18**

Key Finding	Proposed Actions	Target Date	Progress Update 31/08/18
Assurance Framework – The Audit Committee needs clarity on the Council's Assurance Framework.	Audit Committee to be provided with a report that outlines the governance and assurance arrangements operating across the Council. Lead Office: Chief Executive	September 2018	Ongoing
Risk Register – The Audit Committee needs to see the detail behind the Corporate Risk Register.	Corporate Risk Register to be reported to Audit Committee at future meetings. Lead Officer: Strategic Delivery & Performance Manager	August 2018	Complete Committee received register details on 14/08/18.
Annual Governance Statement (AGS) – The Audit Committee would like to see the AGS separated from the Annual Accounts and a draft copy sent to them for comment prior to approval.	Annual Governance Statement received at the July 2018 meeting and comments made by members. The Chair also met with Officers after the meeting to highlight further queries. The Annual Governance Statement to be brought back to Audit Committee as a second draft. Lead Officer: Head of Legal, Democratic Services & Business Intelligence	September 2018	Complete AGS was presented to Committee separated from the Annual Accounts on 17/17/18. Amended version was distributed to Members on 13/08/18. Special Meeting was arranged to discuss and approve final amended version of the AGS on 23/08/18.
Benchmarking – The Chair has provided benchmarking detail to Internal Audit (from other Councils) but there are no plans to visit and meet with other Audit Committees: i) Consider how to best use this benchmarking information. ii) Consider visits to other audit committees to search for good practice.	The Corporate Management Team will consider this further and update the Audit Committee. The Chair has asked for arrangements to be made to visit Cardiff Audit Committee. Lead Officer: Head of Democratic Services	December 2018 September 2018	Ongoing Ongoing Cardiff Council has been approached and visit is being arranged.

Audit Committee Workplan 2018/19

Key Finding	Proposed Actions	Target Date	Progress Update 31/08/18
<p>Council Objectives – The Audit Committee would like to see the amount of over-run and deferred audits to be included in the AGS.</p>	<p>As noted above comments and queries will be progressed/actioned by the Head of Legal, Democratic Services & Business Intelligence and the Governance Group.</p> <p>Lead Officer: Head of Legal, Democratic Services & Business Intelligence</p>	September 2018	<p>Complete Amended version of the AGS included commentary to reflect this, as approved by Committee on 23/08/18.</p>
<p>Partnerships – Review the mechanisms for assessing and scrutinising the risk associated with partnerships.</p>	<p>Audit Committee to be provided with a report that outlines the mechanisms for assessing and scrutinising the risks associated with partnerships.</p> <p>Lead Officer: Chief Executive / Head of Legal, Democratic Services & Business Intelligence.</p>	December 2018	<p>Ongoing</p>
<p>Reporting – produce a programme of expected external reports for Audit Committee to receive.</p>	<p>Known expected external reports will be added to the Audit Committee Work Programme.</p> <p>Lead Officer: Strategic Delivery & Performance Manager.</p>	December 2018	<p>Ongoing Email sent to RR 16/08/18, expected by December.</p>
<p>Recommendations – produce a tracker for the recommendations that arise from the work of internal and external audit so that Audit Committee can effectively monitor progress.</p>	<p>Tracker for recommendations to be developed that will capture internal and external recommendations.</p> <p>To be discussed with Chief Auditor and Chief Finance Officer.</p> <p>Lead Officer: Chief Auditor, Chief Finance Officer</p>	December 2018	<p>Ongoing</p>

Audit Committee Workplan 2018/19

Key Finding	Proposed Actions	Target Date	Progress Update 31/08/18
<p>Wales Audit Office (WAO) escalation process – clarify the process the WAO uses to escalate actions when recommendations have not been completed.</p>	<p>WAO to explain the process at the next Audit Committee Meeting.</p> <p>Lead: Wales Audit Office</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p>There is no formal process as such. The process is to agree actions with service managers and directors. If we have any problems with agreement or progress we will escalate to the Chief Executive. If we still have issues we will then raise with the Audit Committee Chair Audit Committee.</p>
<p>Meeting with WAO – consider who should attend meetings with the WAO as external auditor (just the Chair or the whole committee).</p>	<p>To be discussed by Committee.</p> <p>Lead: Chair of the Audit Committee</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p>This is a decision for the Audit Committee although as a minimum we would expect at least an annual meeting with the Chair. We are happy to meet the Chair and the Committee or a combination of both during the year. As per comment above, if we feel it is necessary we will request an ad hoc meeting with the Chair or the full Audit Committee.</p>

Audit Committee Statement of Purpose

1. Our audit committee is a key component of the City and County of Swansea's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the City and County of Swansea's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control

3. To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the Council.
8. To monitor progress in addressing risk related issues reported to the committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
11. To monitor the counter fraud strategy, actions and resources.

Internal Audit and External Audit

12. To approve the internal audit charter and resources.
13. To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
14. To consider summaries of specific internal audit reports as requested.
15. To consider reports dealing with the management and performance of the providers of internal audit services.
16. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
17. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
18. To consider specific reports as agreed with the external auditor.
19. To comment on the scope and depth of external audit work and to ensure it gives value for money.

20. To commission work from internal and external audit.

Financial Reporting

21. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

22. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

23. To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee is meeting its purpose.

Note: Audit Committee Statement of Purpose extracted from the Council Constitution (31.01.18).