



City and County of Swansea

Minutes of the Audit Committee

Committee Room 5 - Guildhall, Swansea

Tuesday, 9 October 2018 at 2.00 pm

Present: Paula O'Connor (Independent Chair) Presided

Councillor(s)

C Anderson
O G James
M B Lewis

Councillor(s)

T J Hennegan
P K Jones
W G Thomas

Councillor(s)

P R Hood-Williams
J W Jones
T M White

Officer(s)

Samantha Clements
Nick Davies
Huw Evans
Tracey Meredith
Jeremy Parkhouse
Kelly Small

Wales Audit Office
Principal Auditor
Head of Democratic Services
Chief Legal Officer
Democratic Services Officer
Head of Funding and Information Unit

Apologies for Absence

Councillor(s): P M Black, E T Kirchner and L V Walton

46 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 K Jones – Minute No.51 – Wales Audit Office – Annual Improvement Report 2017/18 - My wife heads modern language interpretation at Swansea University and my son has his own language / interpreting / translation business – personal.

Councillor M B Lewis – Minute No.50 – Annual Report of School Audits 2017/18 – School Governor and Minute No. 51 – Wales Audit Office – Annual Improvement Report 2017/18 – Member of the Pension Fund Committee – personal.

Councillor T M White - Minute No.50 – Annual Report of School Audits 2017/18 – Member of School Governing Body (Pentrehafod Comprehensive) and Minute No. 51 – Wales Audit Office – Annual Improvement Report 2017/18 – Member of the Local Pension Board and benefactor of the Pension Fund – personal.

Paula O'Connor – Agenda as a whole – Head of Internal Audit to Abertawe Bro Morgannwg University Health Board – Personal.

47 Minutes.

Resolved that the Minutes of the previous meeting of the Audit Committee were approved as a correct record.

Minute No.40 – Internal Audit Monitoring Report

The Chair queried when an update would be received from the Interim Head of Digital and Transformation Services on the IT Disaster Recovery Policy and Recovery Plan due to it being a high-risk area.

It was explained that Internal Audit would follow up the report in Quarter 3.

The Vice-Chair commented that assurances were provided at the meeting that progress had been made.

Resolved that the Interim Head of Digital and Transformation Services provides an update to the Committee in Quarter 3.

48 Work of Policy Development Committees.

Huw Evans, Head of Democratic Services presented a report to provide feedback to the Audit Committee in relation to its questions about the Work of the Policy Development Committees (PDC's).

It was outlined that the Leader of the Council (Councillor R C Stewart) provided an update on the progress of the Policy Development & Delivery Committees to the Audit Committee on 10 April 2018. It was added that the Policy Development & Delivery Committees were abolished at the Annual Meeting of Council on 24 May 2018. The 5 Committees were replaced with 5 Policy Development Committees namely:

- Economy & Infrastructure;
- Education & Skills;
- People;
- Poverty Reduction;
- Transformation & Future Council.

The terms of reference of the PDC's were set out at Appendix A. Appendix B contained Principle D "Determining the interventions necessary to optimise the achievement of the intended outcomes" of the Annual Governance Statement 2017-2018". Appendix C provided the Policy Development & Delivery Committees Annual Report 2017-2018 and Appendix D the Policy Development Committees - Work Plans.

Discussions took place regarding the following: -

- Referral of work to and from Scrutiny and avoiding duplication of work;
- The development of a document being drafted by the Scrutiny Manager to clarify the differences between Scrutiny and PDC's;

- How PDC Work Plans were agreed and monitored;
- Comparisons with other local authorities.

Resolved that the contents of the report be noted.

49 For Information: Scrutiny Work Programme 2018-19.

Councillor M H Jones, Chair of the Scrutiny Programme Committee provided a report on the work of scrutiny for the Municipal year 2017-18 and highlighted scrutiny activities planned for 2017/18. The report was provided in order to support the developing relationship between Scrutiny and the Audit Committee.

She praised the work of the Scrutiny Team, the work of the Scrutiny Committee and Panels and referred to the positive response received from the Wales Audit Office review. She added that it would be beneficial to meet with Policy Development Committee Chairs in order to avoid any overlaps in work.

She referred to the 5 Scrutiny improvement objectives and highlighted the need for the work to be publically visible. She also emphasised the short timescale available to undertake pre-decision scrutiny in order to comment upon or influence reports.

The Committee asked questions of the Chair of Scrutiny, who responded accordingly. The following was discussed: -

- The different work programmes of Scrutiny and Policy Development Committee's;
- How the weekly agenda planning process examined the Scrutiny and Policy Development Committee work plans to avoid duplication;
- The wide availability of Policy Development Committee work plans on the Council website, which were easily accessible;
- Insufficient time to examine reports as part of the pre-decision scrutiny process;
- The Head of Democratic Services sharing with the Chair of Scrutiny Programme Committee the PDC Work Plans.

Resolved that the contents of the report be noted.

50 Annual Report of School Audits 2017/18.

The Principal Auditor presenting the report provided a summary of the school audits undertaken by the Internal Audit Section during 2017/18 and identified some common issues found during the audits.

It was outlined that an audit of each primary, secondary and special school in Swansea was undertaken every 3 years. A standard audit programme existed for each school sector.

For a number of years, a report summarising the school audits undertaken each year had been prepared for the Director of Education and Audit Committee. The report also identified the common themes which had been found during the audits.

The School Audits Annual Report 2017/18 was attached at Appendix 1.

The Committee asked a number of questions of the Principal Auditor and Head of Funding and Information Unit, who responded accordingly. Discussions centred around the following: -

- Schools being concerned that the Procurement SLA was not value for money and the review of the SLA being undertaken by Procurement;
- Schools not using in-house services due to the cost;
- Some schools not being aware of Contract Procedure Rules;
- Schools finding difficulty in obtaining quotations and the ongoing need for them to show best value;
- The Authority providing a catalogue for schools to purchase supplies;
- Schools using local suppliers;
- The need for all schools to appoint finance sub-committees to oversee budget / procurement issues;
- The opinion of the Internal Audit Section concluded that the financial management systems established in schools continue to provide a generally high level of assurance, subject to procurement compliance issues.

Resolved that: -

- 1) The contents of the report be noted;
- 2) Education / Procurement provide the Audit Committee with a finalised catalogue within 3 months.

51 Wales Audit Office - Annual Improvement Report 2017/18.

Samantha Clements, Wales Audit Office presented the Annual Improvement Report 2017-18 – City and County of Swansea.

Details of 2017-18 performance audit work were provided and Exhibit 1 contained the audit, regulatory and inspection work reported during 2017-18. It was highlighted that the Auditor General believed that the Council was likely to comply with the requirements of the Local Government Measure (2009) during 2018-19. It was added that while the Auditor General did not make any formal recommendations, a number of proposals for improvement were made and were included at Appendix 3.

The Chair referred to the Appendix 3 – National report recommendations 2017-18 and sought clarification regarding how the Wales Audit Office would monitor and make best use of the recommendations.

The Committee asked questions of the Wales Audit Office representative, who responded accordingly. Discussions centred around the following: -

- The Authority working successfully in partnership with outside agencies, e.g. homelessness;
- Wales Audit Office monitoring and following up previous recommendations;
- The poor track record of the Authority in identifying and delivering against financial savings plans;

- Budget variations being reported to the Audit Committee.

Resolved that: -

- 1) The contents of the report be noted;
- 2) The Wales Audit Office updates the Committee regarding how the Council monitors and makes the best use of recommendations from the National Shared Learning Agenda;
- 3) The Chief Finance Officer be requested to report future budget variations to the Committee.

52 City & County of Swansea - Audit Committee Update – October 2018.

Samantha Clements, Wales Audit Office presented Wales Audit Office Update Report – October 2018.

Details provided included Financial Audit Work and Pension Fund Audit Work 2017-18 and Performance Audit work.

The Chair requested that the Wales Audit Office reports be added to the Audit Committee Work Programme when they were due.

The Committee highlighted the amount of bureaucracy that existed and the potential cost to the Wales Audit Office.

Resolved that: -

- 1) The contents of the report be noted;
- 2) The potential cost of bureaucracy be highlighted to the Wales Audit Office.

53 Audit Committee Action Tracker Report. (For Information)

The Audit Committee Tracker Report was reported 'for information'.

54 Audit Committee Work Plan. (For Information)

The Audit Committee Work Plan was reported 'for information'.

The Chair stated that she had met the Chief Executive to discuss the Wales Audit Office Escalation Process and the Assurance Framework. The meeting was very productive and the Chief Executive would attend the Committee to discuss governance and risk management. Future regular meetings with the Chief Executive would also be scheduled.

The Chair added that she and the Vice-Chair would be attending Cardiff Council's Audit Committee in November and requested that an Officer also attended.

It was noted that the Trusts & Charities Update Report would be reported to the next scheduled meeting.

Minutes of the Audit Committee (09.10.2018)
Cont'd

Resolved that: -

- 1) The Trusts & Charities Update be reported to the next scheduled meeting;
- 2) An Officer be requested to accompany the Chair and Vice-Chair to the Cardiff Council Audit Committee.

The meeting ended at 3.30 pm

Chair