



City and County of Swansea

Minutes of the **Audit Committee**

Remotely via Microsoft Teams

Tuesday, 20 October 2020 at 2.00 pm

Present:

Councillor(s)

C Anderson
T J Hennegan
J W Jones
L V Walton

Councillor(s)

P M Black
P R Hood-Williams
M B Lewis
T M White

Councillor(s)

D W Helliwell
P K Jones
S Pritchard

Officer(s)

Simon Cockings
Adam Hill
Jeremy Parkhouse
Ben Smith
Debbie Smith

Chief Auditor
Deputy Chief Executive / Director of Resources
Democratic Services Officer
Chief Finance Officer / Section 151 Officer
Deputy Chief Legal Officer

Apologies for Absence: Councillor A H Stevens, P O'Connor and Jason Garcia

1 Election of the Chair for the 2020-2021 Municipal Year.

Resolved that Paula O'Connor be elected Chair for the 2020-2021 Municipal Year.

2 Election of the Vice-Chair for the 2020-2021 Municipal Year.

Resolved that Councillor P R Hood-Williams be elected Vice-Chair for the 2020-2021 Municipal Year.

(Councillor P R Hood-Williams presided)

3 Disclosures of Personal and Prejudicial Interests.

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

Councillor P M Black – Minute No. 142 - Internal Audit Annual Plan 2020/21 Monitoring Report for the Period 1 July 2020 to 30 September 2020 – Governor of Pentrehafof School – personal.

Councillor T M White - Minute No. 142 - Internal Audit Annual Plan 2020/21 Monitoring Report for the Period 1 July 2020 to 30 September 2020 – Governor of Pentrehafof School and member of the Port Health Authority – personal.

4 Minutes.

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

5 Internal Audit Annual Plan 2020/21 Monitoring Report for the Period 1 July 2020 to 30 September 2020. (Simon Cockings)

Simon Cockings, Chief Auditor presented a report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 July 2020 to 30 September 2020.

A total of 14 audits were finalised during the quarter. The audits finalised were listed in Appendix 1, which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed. Appendix 2 provided a summary of the scope of the reviews finalised during the period.

An analysis of the assurance levels of the audits finalised was given and a total of 67 audit recommendations were made and management agreed to implement all of the recommendations. There were no moderate reports issued during the quarter.

It was explained that due to the ongoing Covid-19 pandemic, access to all Council sites was restricted. This had a significant impact on the Audit Team's ability to complete on-site testing and will continue to do so until restrictions are lifted. It was also explained that the Team were unable to undertake some follow up visits due to staff being unable to access some sites, e.g. schools.

Details of the follow-ups completed between 1 July and 30 September 2020 were provided, including two previously moderate audit reports on Concessionary Fares 2019/20 and Fleet Maintenance 2019/20. The second follow-up to the Disclosure and Barring Service 2019/20 was underway and would be reported to a future meeting. The follow-up visits to Cwm Glas Primary School and Pen y Bryn Special School were scheduled to be completed in quarter 3.

The Committee provided positive feedback regarding the progress made and congratulated the Chief Auditor on the work of his team in very difficult circumstances. The Committee discussed the following: -

- Use of electronic documents which ensured the work of the Audit Team could continue;
- Ongoing problems with procurement in schools and the intention to provide additional training for school based staff;
- The need to introduce a procurement policy for schools which would provide clear guidelines in which they would work.

The Vice-Chair thanked the Chief Auditor and his staff for the work and progress made.

Resolved that the contents of the report be noted.

6 Internal Audit Recommendation Follow-Up Report - Quarter 2 2020/21. (Simon Cockings)

The Chief Auditor presented a report which provided the Committee with the status of the recommendations made in those audits where the follow-up's has been undertaken in Quarter 2 2020/21, which allowed the Audit Committee to monitor the implementation of recommendations made by Internal Audit.

Appendix 1 provided a summary of the recommendations accepted and implemented and Appendix 2 provided details of recommendations not implemented.

It was highlighted that from the 148 recommendations made, 141 had been implemented. The 7 not implemented were low / medium risk and the majority had not been implemented primarily due to COVID-19.

Resolved that the contents of the report be noted.

7 Revenue and Capital Budget Monitoring - 1st Quarter. (For Information) (Ben Smith)

Ben Smith, Section 151 Officer presented the Revenue and Capital Budget Monitoring – 1st Quarter report 'for information'.

He made reference to the position regarding Welsh Assembly Government grants, virement arrangements, providing assurance to the Committee on micro and macro levels.

The Committee asked questions of the Section 151 Officer who responded accordingly. Discussions took place regarding the following: -

- Revenue shortfall particularly in Council Tax collection, how the figures in the report were estimates only and the anticipated losses of revenue in Swansea / across Wales;
- Revenue outturn position forecast based on 1st quarter spend, income received / expected to offset the forecast losses, the ongoing uncertainty and the continued expectation to set a budget before 11 March 2021;
- Increase in borrowing and why it was still cheaper to borrow from reserves;
- Current budget monitoring procedures, whether the priorities identified in the 2020-2021 budget were deliverable given the present position and the obligation placed upon officers to deliver a balanced budget, ensuring that overspends were addressed.

8 Revenue Outturn and Savings Tracker 2019/20. (For Information) (Ben Smith)

The Section 151 Officer presented the Revenue and Savings Tracker 2019/20 report 'for information'.

Specific reference was made to the substantial underspend achieved during 2019-2020.

9 Treasury Management Annual Report 2019/20. (For Information) (Ben Smith)

The Section 151 Officer presented the Treasury Management Annual Report 2019/20 'for information'.

Confirmation was provided that all matters had been complied with in year. The Committee discussed the following: -

- an explanation was provided regarding the benefits of Public Works Loan Board (PWLB) compared to loans available in the open market;
- PWLB interest rates and financial planning until 2025-2026;
- an explanation was provided regarding counterparty portfolio investments at 31 March 2020 and the security of investments between local authorities.

10 Audit Wales - Press Release on the Financial Sustainability of Local Government. (For Information)

The Section 151 Officer provided the Audit Wales press release on the Financial Sustainability of Local Government 'for information'.

11 Audit Committee Action Tracker Report. (For Information) (Jeremy Parkhouse)

The Audit Committee Action Tracker report was provided 'for information'.

In the absence of the Chair, the Section 151 Officer commented that a report on risk would be provided at the next scheduled meeting in November 2020 which would provide the Committee with a substantial update.

12 Audit Committee Work Plan. (For Information) (Jeremy Parkhouse)

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

The meeting ended at 2.53 pm

Chair