

CITY AND COUNTY OF SWANSEA

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

**HELD AT THE CIVIC CENTRE, SWANSEA ON THURSDAY 27 FEBRUARY
2014 AT 5.00 P.M.**

PRESENT: Mr A M Thomas (Independent Chair) presided

Councillor(s):

R A Clay
P Downing
L James

Councillor(s):

P M Meara
G Owens
J A Raynor

Councillor(s):

R V Smith
L V Walton

Officers:

M Hawes - Head of Financial Services
P Beynon - Chief Auditor
S Heys - Principal Solicitor
D McKenna - Overview and Scrutiny Manager
J Harley - ICT Strategic Performance Manager
J Parkhouse - Democratic Services Officer

Also present:

H Pullen - PricewaterhouseCoopers

63. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors P R Hood-Williams and J W Jones.

64. **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 G Owens - Minute No. 66 - Local Service Board - My employer is involved in this Board, although it does not affect my own employment directly - personal interest.

65. **MINUTES**

RESOLVED that the Minutes of the meeting of the Audit Committee held on 9 January 2014 be agreed as a correct record.

The Committee were updated on the following:

Portmead Primary School

The Chief Auditor reported that 11 of the 19 recommendations made in 2010 had not been implemented. A letter had been sent to the Headteacher and Chair of Governors stating that it was imperative that action be taken immediately to address the outstanding recommendations.

The Committee requested that the matter be highlighted to the Executive Board.

Fundamental Audits 2012/13 - Recommendations Tracker

The Director of Corporate Services had responded to the letter sent by the Chair regarding recommendations that had not been fully implemented and had stated that audit recommendations will be discussed at monthly directorate performance and financial monitoring meetings.

The Head of Financial Services will provide a response regarding governance arrangements for partnerships in due course.

The Director of People and Chief Education Officer will provide a briefing on the responsibility for implementing audit recommendations in schools at the Audit Committee meeting scheduled for 27 March 2014.

The Committee expressed disappointment that the briefing had not been included on the agenda for this meeting.

66. **SWANSEA LOCAL SERVICE BOARD BRIEFING**

The Overview and Scrutiny Manager provided an overview presentation and report on the role and functions of Swansea Local Service Board, particularly relating to the One Swansea Plan (Single Integrated Plan).

Details provided in the presentation included:

- The national context
 - The Welsh Government agenda
 - Single integrated plans
 - What is a Local Service Board?
 - Benefits of Local Service Boards
 - Looking forward

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- The Swansea picture
 - A brief history
 - Membership
 - Making a difference
 - Current structure
 - The One Swansea Plan: Outcomes and Challenges
 - Delivering the Plan

The Committee asked a number of questions of the officer who responded accordingly. Discussions centred around the following:

- Governance and membership arrangements for the Local Service Board;
- The work and achievements of the Local Service Board since its inception;
- Involvement of scrutiny in the process;
- Delivery framework of the Local Service Board;
- Details of matters considered by the Local Service Board;
- Challenges for the Local Service Board;
- Value for money of the Local Service Board.

RESOLVED that:

- (1) the contents of the presentation be noted;
- (2) the costs to the City and County of Swansea of its involvement in the Local Service Board be reported to a future meeting of the Committee;
- (3) a further briefing be provided following the review of the Local Service Board being undertaken by the Scrutiny Programme Committee.

67. **PRESENTATION - ICT CONTRACT GOVERNANCE ARRANGEMENTS**

The ICT Strategic Performance Manager provided a detailed presentation regarding the Capgemini ICT Contract Governance.

Details included in the presentation were as follows:

- Introduction;
- Service Level Agreements;
- Changes;
- Contract Monitoring;
- User Survey.

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The Committee asked a number of questions of the officer who responded accordingly. Discussions centred around the following:

- Benchmarking / comparisons with other local authorities;
- Call monitoring and nature of queries / requests received;
- Penalty clauses contained in the current contract;
- Performance of Capgemini to date;
- The meaningfulness of Service Level Agreements;
- Emergency back-up provision;
- Methods of feedback / measuring feedback obtained from customers.

The Head of Financial Services commented that it was important to examine the details of the contract, particularly specific levels of Service which Capgemini are obliged to adhere to in terms of Service Level Agreements as a measure of contract performance.

RESOLVED that:

- (1) the contents of the presentation be noted;
- (2) the presentation be circulated to the Committee.

68. **WALES AUDIT OFFICE - AUDIT OF ACCOUNTS 2012-13 - CELTIC MARINE LEASE NEGOTIATION**

The PwC representative, on behalf of the Wales Audit Office, presented a report on the Celtic Marine Lease Negotiation.

The key objectives of the review undertaken by the Wales Audit Office centred upon the decision to amend the lease terms made through delegated officer powers by the Head of Corporate Building and Property Services that was signed on 3 October 2011. The following key objectives were discussed:

- Consideration of the governance arrangements in place, including whether the decision of February 2010 was made in line with the Council's constitution;
- Consideration of the rationale for extending the lease term and whether alternative options were considered;
- Consideration of the lease terms negotiated by the Council and whether they represented good value to the Council;
- Consideration of the Council's responses to related Freedom of Information requests and other correspondence.

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It was added that documents relating to the lease agreement were reviewed and key members of staff involved in the negotiations interviewed. Information had also been received from members of the public and all matters were considered during the review.

Details of the review in the following key areas was provided:

- Governance;
- Lease duration;
- Revised terms;
- Freedom of Information requests.

It was summarised that the Wales Audit Office had identified nothing which they believed to be unreasonable in respect of the Council's grant of the 250 year lease in 2011 and they do not propose to take any further action in connection with the lease transaction.

The Committee asked a number of questions of the PwC representative who responded accordingly.

RESOLVED that the contents of the report be noted.

69. **AUDIT COMMITTEE WORK PLAN**

The Audit Committee Work Plan to May 2014 and a draft Work Plan for the 2014/15 Municipal Year were provided.

RESOLVED that the contents of the report be noted.

70. **AUDIT COMMITTEE PERFORMANCE REVIEW**

The Chair referred to the Chartered Institute of Public Finance and Accountancy (CIPFA) toolkit issued as a means to review performance and to progress during the next Municipal year.

The Committee highlighted the following as subjects for investigation:

- Liberty Stadium;
- Section 106 Agreements.

The Head of Financial Services commented that the annual governance statement for the Liberty Stadium was reported to Council as part of the annual Leisure Services Partnerships report.

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RESOLVED that:

- (1) the Audit Section undertake an audit of processes in respect of Section 106 Agreements during the first quarter of 2014/15;
- (2) the Audit Committee terms of reference provided by the Chartered Institute of Public Finance and Accountancy be incorporated into the Council Constitution;
- (3) Training be provided for Councillors R A Clay and L V Walton who had recently joined the Committee.

71. **DATE OF NEXT MEETING**

RESOLVED that the next meeting be held at 5.00 p.m. on Thursday 27 March 2014.

The meeting ended at 7.33 p.m.

CHAIR