

CITY AND COUNTY OF SWANSEA

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

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

PRESENT: Mr A M Thomas (Independent Chair) presided

Councillor(s):

R A Clay
P Downing
R Francis-Davies

Councillor(s):

P R Hood-Williams
L James
J W Jones

Councillor(s):

P M Meara
J A Raynor
R V Smith

Officers:

M Hawes - Head of Financial Services
P Beynon - Chief Auditor
D Smith - Directorate Lawyer
J Sheppard - Education Planning and Resources
J Parkhouse - Democratic Services Officer

72. **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor L V Walton.

73. **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS**

In accordance with the Code of Conduct adopted by the City and County of Swansea, no interests were declared.

74. **MINUTES**

RESOLVED that the Minutes of the meeting of the Audit Committee held on 27 February 2014 be agreed as a correct record.

The Committee were updated on the following:

Portmead Primary School

The Chief Auditor reported that the Headteacher had informed the Authority that the majority of the recommendations had now been implemented. However, there were some recommendations around school meals that had not been implemented. He added that a full audit would take place during the next financial year and that the school were currently undergoing an Estyn re-inspection.

The Committee expressed disappointment that some recommendations still remained outstanding.

75. **BRIEFING - RESPONSIBILITY FOR IMPLEMENTING AUDIT RECOMMENDATIONS IN SCHOOLS**

The Education Planning and Resources Representative provided the Committee with a briefing on the responsibility for implementing audit recommendations in schools. An Internal Audit Monitoring Report process was tabled which provided the proposed mechanism to ensure that audit reports were being carefully considered and matters addressed within Education..These were outlined as follows:

- The audit takes place.
- The report is sent to the school - to the headteacher and copied to the Chair of Governors.
- The report requires an action plan to be sent to Audit by a given date.
- The audit report should be an item on the Governing Body agenda.
- Within three months a report is sent to Audit demonstrating how issues have been addressed.
- Audit review the school's report and send a response back to the school, copied to the headteacher, Chair of Governors and Challenge Adviser (new name for System Leader).
- The Challenge Adviser (System Leader) will raise progress with the headteacher during the next visit.
- If concerns remain regarding the progress made then Audit return to the school.

It was added that within the Education Service individual service areas have departmental processes which include Performance and Financial Monitoring monthly meetings which examined Performance Indicators, school issues, standards and finance. To date, audit recommendations had not been part of this process. However, audit recommendations will be fed into these meetings on a quarterly basis in future. Schools get advice regarding financial procedures but it was stated that it is the responsibility of the Governing Body to follow up any actions with the Headteacher. There had been considerable focus upon compliance within Education and this is a regular item for discussion in meetings with headteachers and is also raised at the School Clerks/School Bursars Forum.

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Members commented that they had requested that the appropriate Director, Chief Officer or Head of Service attend the meeting in order to provide the briefing and expressed disappointment that this was not the case.

Detailed discussions followed and centred around the following:

- the culture and attitude that had led to Portmead School with a number of incomplete audit recommendations;
- devolved authority of the School Governors and Headteacher in the process;
- the disregard for the audit system by certain schools;
- the requirement for a safety check in the system to allow for problem cases;
- the extent to which the internal audit system had been applied to Portmead School and whether matters had been appropriately checked;
- the sanctions available against schools that do not comply with the process;
- whether or not audit recommendations to schools had been reported to Governing Bodies;
- whether headteachers understand the process and when their failure to act becomes a capability issue;
- balances of school budgets, particularly those with excessive balances;
- the broader issue of management and standards within schools.

RESOLVED that:

- (1) the content of the briefing be noted;
- (2) the appropriate Director/Chief Officer/Head of Service attend a future meeting of the Committee in order to provide an update on audit procedures;
- (3) the Education Planning and Resources Representative confirms whether audit recommendations had been reported to Governing Bodies.

76. **INTERNAL AUDIT ANNUAL PLAN 2013/14 - MONITORING REPORT FOR THE PERIOD 1 OCTOBER 2013 TO 31 DECEMBER 2013**

The Chief Auditor presented the Internal Audit Plan 2013/14 Monitoring Report for the period 1 October 2013 to 31 December 2013. The report detailed the audits finalised and any other work undertaken by the Internal Audit Section.

The Committee asked a number of questions of the officer who responded accordingly

The key issues arising from discussions included:

- issues surrounding the Community Alarms Service;
- concern regarding the ongoing vacancies within the Internal Audit Section and the need to undertake more in-depth investigations in certain areas;
- the current scrutiny investigation in the Pupil Referral Unit;
- issues surrounding Llangyfelach Primary School;
- the ongoing deferral of items due to the lack of resources.

RESOLVED that:

- (1) the contents of the report be noted;
- (2) the Chair highlights the audit relating to the Pupil Referral Unit to the Chair of the Scrutiny Programme Committee.

77. **INTERNAL AUDIT ANNUAL PLAN - METHODOLOGY**

The Chief Auditor presented a 'for information' report which provided a briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2014/15 being reported to the Committee for approval.

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

The key issues arising from the discussions included:

- cross referencing of the Corporate Risk Register;

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- how risk is reported in the future, particularly low level risk which may not require auditing;
- the ongoing impact of staff shortages and the need to make allowances in respect of the shortages;
- the process of producing the Annual Plan 2014/15, particularly the need to have a realistic plan;
- staff training and possible expertise available in the redeployment pool.

RESOLVED that the contents of the report be noted.

78. **AUDIT COMMITTEE WORK PLAN**

The Audit Committee Work Plan was provided for information.

RESOLVED that:

- (1) the contents of the report be noted;
- (2) an additional briefing on the responsibility for implementing audit recommendations in schools be added to the work plan.

79. **DATE OF NEXT MEETING**

NOTED that the next meeting of the Audit Committee be scheduled for 5.00 p.m. on Thursday, 24 April 2014.

The meeting ended at 6.30 p.m.

CHAIR