

# **CITY AND COUNTY OF SWANSEA**

## **MINUTES OF THE AUDIT COMMITTEE**

**HELD AT COMMITTEE ROOM 1 - CIVIC CENTRE ON THURSDAY, 12  
JUNE 2014 AT 4.00 PM**

### **PRESENT:**

<b>Councillor(s)</b>	<b>Councillor(s)</b>	<b>Councillor(s)</b>
R A Clay	J W Jones (Vice Chair)	G Owens
P Downing	P M Meara	R V Smith
L James	G Owens	

### **Independent Member:**

Mr A M Thomas

### **Officers:**

M Hawes	-	Head of Finance & Delivery
P Beynon	-	Chief Auditor
S Heys	-	Principal Lawyer
J Parkhouse	-	Democratic Services Officer

### **Also Present:**

R Nelson	-	PricewaterhouseCoopers
S Barry	-	Wales Audit Office

### **1 ELECTION OF CHAIR FOR THE 2014-2015 MUNICIPAL YEAR.**

**RESOLVED** that Mr A M Thomas be elected Chair for the 2014/15 Municipal Year.

**(Mr A M Thomas presided)**

### **2 ELECTION OF VICE-CHAIR FOR THE 2014-2015 MUNICIPAL YEAR.**

**RESOLVED** that Councillor J W Jones be elected Vice-Chair for the 2014/15 Municipal Year.

### **3 APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Councillors P R Hood-Williams, J A Raynor and L V Walton.

4 **DISCLOSURES OF PERSONAL AND PREJUDICIAL INTERESTS FROM MEMBERS.**

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

5 **MINUTES.**

**RESOLVED** that the Minutes of the meeting of the Audit Committee held on 24 April 2014 be agreed as a correct record subject to the following amendments.

Minute No. 85 - Replace "od" with "of" in the second paragraph.

Minute No. 86 - Amend in paragraph 2, line 8 the word "audit" to "audits".

6 **INTERNAL AUDIT CHARTER.**

The Chief Auditor provided a report which outlined the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 April 2013 and provided the Internal Audit Charter for approval.

The Internal Audit Charter was provided at Appendix 1. Details provided within the Charter included the definition, role and function, scope, independence, consultancy role, fraud, bribery and corruption, role within internal audit, the internal audit resources and the Quality Assurance and Improvement Programme.

Members asked a number of questions of the Officer who responded accordingly.

**RESOLVED** that the Internal Audit Charter be approved.

7 **FUNDAMENTAL AUDITS 2012/13 - RECOMMENDATIONS TRACKER UPDATE.**

The Chief Auditor presented a report which provided an update on the recommendations made following the Fundamental Audits 2012/13 which had not been fully implemented when the Recommendations Tracker Report was presented to the Audit Committee on 9 January 2014.

It was outlined that the January 2014 report identified the recommendations which had not been fully implemented as either partly implemented, not implemented or not yet due. Appendix 1 showed, for each Fundamental Audit, the number of recommendations made following the 2012/13 Audit and whether they had been implemented, partly implemented or not implemented as at 31 March 2014. The position on 31 March 2014 on the 89 agreed

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recommendations compared to those at 30 November 2013 were summarised as follows:

Recommendations	30 November 2013		31 March 2014	
	No.	%	No.	%
Implemented	68	76	79	89
Partly Implemented	6	7	3	3
Not implanted	6	7	7	8
Not yet due	9	10	0	0
TOTAL	89	100	89	100

Overall, the implementation rate was now 89% with the only areas where recommendations were outstanding being payroll and accounts receivable. An analysis of the recommendations, which had been partly or not implemented over the classification of audit recommendations used by the Internal Audit Section was provided at Appendix 2. Appendix 3 provided the management explanation for the ten recommendations which were not fully implemented by 31 March 2014. This showed that there were some recommendations when an implementation date early in 2014/15 was indicated and also instances where progress had been delayed due to other priorities, mainly due to issues linked to the need to address the Council's significant budget deficit in future years.

It was concluded that whilst it was disappointing that some recommendations arising from the 2012/13 Fundamental Audits remained outstanding, it was also necessary to recognise the staff responsible for implementing the recommendations were also heavily involved in a number of projects linked to the Sustainable Swansea - Fit For The Future Programme which is aimed at addressing the significant budget deficit faced by the Council. Any outstanding recommendations will have been picked up during the 2013/14 Fundamental Audits and monitoring of their implementation will form part of the Recommendations Tracker exercise in the current year.

Key issues arising from discussions included:

- Setting a time limit for the recommendations to be implemented.
- Listing of authorised signatories.
- Recoverability of lifeline debts.
- Overdue school debts not being paid.

**RESOLVED** that the progress in implementing the recommendations be noted.

**8 DRAFT AUDIT COMMITTEE ANNUAL REPORT 2013/14.**

The Chair presented a report which provided the Draft Audit Committee Annual Report 2013/14. It was outlined that the purpose of the report was to allow the Audit Committee to discuss, review and contribute to the Draft Audit Committee Annual Report 2013/14 prior to the report being presented to Council.

**RESOLVED** that:

- (1) the contents of the report be noted;
- (2) the Annual Report 2013/14 be forwarded to Council.

**9 WALES AUDIT OFFICE - 2014/15 PERFORMANCE AUDIT WORK AND FEES.**

S Barry, Wales Audit Office presented a letter that had been forwarded to the Chief Executive of the Council outlining the 2014-15 performance audit work and fees. It was explained that this work was delivered under the Local Government (Wales) Measure 2009, the Local Government Act 1999 and the Public Audit (Wales) Act 2013.

It was explained that the Wales Audit Office will be carrying out a Corporate Assessment as part of a four year rolling programme of assessments at all Welsh councils. The Corporate Assessment will provide a position statement of the Council's capacity and capability to deliver continuous improvement. It will, by its nature, examine track records of performance and outcomes, as well as examining the key arrangements that are necessary to underpin improvements in services and functions. The Wales Audit Office will publish a Corporate Assessment Report that states whether the Auditor General believes that the Council is likely to comply with the requirements of the Measure. Carrying out the Corporate Assessment will not require any additional fee from the Council as it will be funded by Welsh Government Grant to the Wales Audit Office.

It was added that in addition to the Auditor General's audit and assessment work under the Measure, the Wales Audit Office will undertake a programme of local government studies as set out in the Auditor General's letter of 28 April 2014. These and the specific elements of the audit and assessment work were provided. It was explained that the performance audit fee from April 2014 to March 2015 was £107,555. However, if any additional work is identified as being necessary, additional fees may be incurred.

The Wales Audit Office will publish a Corporate Assessment Report incorporating the Annual Improvement Report for the Council, summarising the work and that of relevant regulators and will issue a reports setting out the findings of the audit and assessment work.

The Committee asked questions of the Wales Audit Office representative, who responded accordingly.

**RESOLVED** that the contents of the report be noted.

10 **COASTAL PROJECT.**

Further to Minute No. 88 of the Audit Committee held on 24 April 2014, the Head of Finance and Delivery updated the Committee on progress made with regards to the management of all regional projects. He added that in future all grant applications will be dealt with by an External Funding Panel.

The Committee raised a number of questions in relation to the Coastal Project and the governance of the External Funding Panel, which were responded to accordingly.

**RESOLVED** that:

- (1) the content of the update be noted;
- (2) the appropriate Director/Head of Service provide a briefing report to the next scheduled meeting;
- (3) the terms of reference of the External Funding Panel be provided to the next scheduled meeting.

11 **AUDIT COMMITTEE WORK PLAN.**

The Audit Committee Work Plan was provided for information.

**RESOLVED** that the contents of the report be noted.

12 **DATE OF NEXT MEETING - 4 P.M. ON THURSDAY, 10 JULY 2014.**

**NOTED** that the next meeting be scheduled for 4.00 p.m. on Thursday 10 July 2014.

The meeting ended at 5.35 p.m.

**CHAIR**