

CITY AND COUNTY OF SWANSEA

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 1, CIVIC CENTRE, SWANSEA ON
THURSDAY 12 FEBRUARY 2015 AT 3.00 P.M.

PRESENT: Mr A M Thomas (Independent Chair) presided

Councillor(s):

A M Cook
P R Hood-Williams
L James

Councillor(s):

J W Jones
P M Meara
R V Smith

Councillor(s):

D W W Thomas
L V Walton

Officers:

P Beynon - Chief Auditor
S Heys - Principal Lawyer
J Parkhouse - Democratic Services Officer

ALSO PRESENT:

S Barry - Wales Audit Office
D Hanley-Crofts - PricewaterhouseCoopers

65. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors R A Clay, P Downing and D Phillips.

66. **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.

67. **MINUTES**

RESOLVED that the Minutes of the meeting of the Audit Committee held on 15 January 2015 be approved as a correct record.

Matters Arising

The Committee discussed the following matters in relation to the Minutes:

Section 106 Agreements

The Chief Auditor confirmed that the internal audit of Section 106 Agreements had been completed and the draft report was currently with the department and was awaiting comments. The audit will form part of the Internal Audit Monitoring Report Quarter 4 2014/15 presented to the Committee in June 2015.

Procurement by Schools

The Chair stated that he had met with the Cabinet Member for Education and Senior Education Officers regarding procurement in schools. He added that the issue of school governance was being investigated by a Scrutiny Panel and the Vice-Chair will attend the Panel on behalf of the Audit Committee. The findings of the Scrutiny Panel and further discussions regarding this issue will take place at a future meeting.

68. **WALES AUDIT OFFICE PERFORMANCE AUDIT UPDATE**

The Wales Audit Office Representative presented the Wales Audit Office Performance Audit Programme 2014-15 for the City and County of Swansea. He stated that the Audit Programme provided the work undertaken in respect of the Council. He highlighted the following areas:

- Corporate Assessment - site work had been completed in November 2014. The Wales Audit Office, supported by PricewaterhouseCoopers were in the process of drafting a report and consolidating evidence;
- Financial Position Assessment - the final local report was issued to Council on 12 January 2015 and would be included in the Corporate Assessment Report. The Wales Audit Office were in the process of drafting a national report;
- Safeguarding - the Local Safeguarding Report had been finalised and published in early 2014 and a national report was currently being drafted;
- Whistleblowing - paragraphs were issued to Council on 17 October 2014 for information and they would be incorporated in the Corporate Assessment Report;

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- Delivering with Less - a study involving all 22 local authorities in order to answer the headline question "Are Councils effectively delivering their Leisure and Recreation Services with fewer resources?" The focus of the study was on tracking changes in leisure service provision in the last decade and the work was to be delivered by the Wales Audit Office, PricewaterhouseCoopers and KPMG and was currently in progress;
- Delivering with Less - the impact on Environmental Health Services and citizens - the national report was published on 28 October 2014 and local summaries were published shortly afterwards;
- Regional Education Consortia - this was being produced alongside Estyn's "Thematic Survey Report to Evaluate Work of Regional School Improvement Service". The purpose of the study was to assess whether the Welsh Local Government's arrangements for regional consortia were likely to deliver the intended improvement in support of schools and local authorities - the work was in progress and visits to consortium had taken place between 8 and 11 December 2014.

The Committee asked a number of questions of the Wales Audit Office Representative who responded accordingly.

RESOLVED that the contents of the report be noted.

69. **INTERNAL AUDIT ANNUAL PLAN 2014/15 - MONITORING REPORT FOR THE PERIOD 1 OCTOBER 2014 TO 31 DECEMBER 2014**

The Chief Auditor presented the Internal Audit Annual Plan 2014/15 - Monitoring Report for the period 1 October to 31 December 2014. The report detailed the Audit's finalised and any other work undertaken by the Internal Audit Section. It was added that a total of 21 audits were finalised during Quarter 3 and these were provided at Appendix 1 which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed.

An analysis of the audits finalised during the third quarter was also provided and showed that a total of 180 audit recommendations were made and management agreed to implement all recommendations made. In addition Internal Audit also certified the Supporting People Programme Grant 2013/14 as required by the terms and conditions of the grant issued by the Welsh Government. It was found that the grant had been spent in accordance with the purpose of the grant and that only eligible expenditure was included.

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It was highlighted that to the end of December 2014, a total of 375 days had been lost due to vacancies and secondments and there were currently 2.6 vacant auditor posts, although one post was being covered by an agency auditor. The Annual Plan for 2014/15 had been reviewed to balance the resources available for the remainder of the year against a risk assessment of priorities and a list of the audits which would have to be deferred until 2015/16 was provided at Appendix 2. It was added that the Operational Audit Plan for Quarter 4 had been drawn up on the basis that the current vacancies would not be filled.

If staff were to be appointed to the vacant posts then appropriate audits will be selected from Appendix 2 and the number of jobs carried forward will be reduced. The audits deferred would be prioritised in 2015/16 Annual Plan and it was hoped that the recruitment of a full complement of staff and the impact of the proposals outlined in the Audit Plan Methodology Report will prevent a significant number of jobs being carried forward at the end of 2015/16.

Details of the follow-ups completed between 1 October 2014 and 31 December 2014 were also provided.

The Committee asked questions of the Chief Officer who responded accordingly. The key issues arising from discussions included:

- The audit of partnerships involving the Council being carried out in the fourth quarter 2014/15;
- The need to notify both the Headteacher and the Chair of Governors regarding recommendations/actions made as a result of audits within schools.

RESOLVED that the contents of the report be noted.

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

The Chief Auditor presented a report which provided a briefing to the Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2015/16 being reported to the Committee for approval. It was added that the aim of the Internal Audit Annual Plan was to provide sufficient coverage of the Council's risks and services to allow the Chief Auditor to deliver the annual opinion on internal control which informs the Annual Governance Statement.

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Details of the Internal Audit Plan Methodology was provided. It was added that the requirement to produce an Internal Audit Annual Plan is included in the Public Sector Internal Audit Standards (PSIAS) which are mandatory for all internal audit providers in the UK public sector. An extract of the PSIAS requirements regarding internal audit planning was provided at Appendix 1. A copy of the risk assessment form used was provided at Appendix 2.

The Chair stated that the Internal Audit Annual Plan needed to be realistic and practical, especially in light of ongoing staff shortages within the Internal Audit Section.

Discussions centred around the following:

- The importance of increasing the coverage of the Corporate Risk Register;
- The need to match the Internal Audit Section resources against the planned audits;
- The proposals for auditing schools in the future;
- The self-assessment audit process, particularly the process already in place for Social Services establishments;
- The proposed changes outlined in the report that would be used as the basis for compiling the Internal Audit Plan 2015/16.

RESOLVED that:

- (1) the methodology for preparing the Internal Audit Annual Plan and the proposed changes to be made for the 2015/16 Plan be noted;
- (2) the Chair writes on behalf of the Audit Committee to the Internal Audit Section commending them for their work.

71. **ALL WALES AUDIT COMMITTEE CHAIRS GROUP UPDATE**

The Chair provided the Committee with feedback from the first meeting of the All Wales Audit Committee Chairs Group. He highlighted the areas of work that were discussed, particularly reviewing governance arrangements. He informed the Committee that a further meeting was planned for June 2015 where best practice going forward could be identified and reported back for discussion. It was also hoped that the WLGA will formalise the All Wales Audit Committee Chairs Group meetings.

The Chair also noted that a presentation had been given to the Chairs Group by the Wales Audit Office on Key Issues for Audit Committees and he had requested that the Wales Audit Office deliver the presentation to the Committee at the June 2015 meeting.

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RESOLVED that the feedback be noted.

72. **SCRUTINY PROGRAMME COMMITTEE WORK PROGRAMME**

The Scrutiny Programme Committee Work Programme was provided for information.

73. **AUDIT COMMITTEE WORK PLAN**

The Audit Committee Work Plan to May 2015 and an Outline Work Plan for the 2015/16 Municipal Year were provided for information.

74. **NEXT MEETING - 3.00 P.M. ON THURSDAY 12 MARCH 2015**

NOTED that the next meeting of the Audit Committee be held at 3.00p.m. on Thursday 12 March 2015.

The meeting ended at 3.57 p.m.

CHAIR