

CITY AND COUNTY OF SWANSEA

MINUTES OF THE AUDIT COMMITTEE

**HELD AT COMMITTEE ROOM 6, GUILDHALL, SWANSEA ON
TUESDAY, 17 NOVEMBER 2015 AT 2.00 PM**

PRESENT: Mr A M Thomas (Chair) presided

Councillor(s)	Councillor(s)	Councillor(s)
C Anderson	J W Jones	D W W Thomas
R A Clay	P M Meara	L V Walton
P R Hood-Williams	D Phillips	T M White
L James	R V Smith	

Also Present:

D Hanley-Crofts - PricewaterhouseCoopers

Officers:

M Hawes – Head of Finance & Delivery
P Beynon – Chief Auditor
S Heys – Principal Lawyer
T Davies – Corporate Fraud Team Manager
J Parkhouse – Democratic Services Officer

44 APOLOGIES FOR ABSENCE.

There were no apologies for absence.

45 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 R Hood-Williams – Minute No.48 – Internal Audit Monitoring Report Quarter 2 2014/15 – Governor of Cila and Crwys Primary Schools – personal.

Councillor P M Meara - Minute No.48 – Internal Audit Monitoring Report Quarter 2 2014/15 – Governor of Pen Y Bryn School – personal.

46 PWC CONTROLS REPORT 2014/15.

The PricewaterhouseCoopers representative presented a report on Deficiencies in Internal Controls – City and County of Swansea. It was outlined that the Auditor General was required to obtain an understanding of the internal controls relevant to the audit when identifying and assessing the risks of material misstatement. The Authority's internal controls were considered in order to design audit procedures, to

provide sufficient assurance to allow the Auditor General to express an opinion on the truth and fairness of the financial statements. They were not considered for the purposes of expressing an opinion on the effectiveness of internal control.

It was stated that no significant deficiencies in internal control had been identified. However, recommendations had been raised in order for the Authority to further improve its control environment. This work identified 10 new opportunities to improve the Authority's internal controls. The matters covered in this report were limited to those which, in the Auditor General's opinion, were of sufficient importance to merit reporting to the Audit Committee. None of these matters were deemed to be of significant risk. These issues had already been discussed with the Head of Finance and Delivery.

It was added that the qualitative aspects of the Authority's accounting practices were generally robust. However, these may require improvement in order to deal with future challenges.

PricewaterhouseCoopers had also followed up the recommendations raised in the prior year controls report issued in November 2014. 12 of the 19 recommendations raised in the prior year had been implemented or were no longer applicable. None of the outstanding recommendations were deemed to be of significant risk. The new recommendations covered the following areas: -

- Remuneration report and payroll;
- Capital accounting;
- Financial liabilities;
- Treasury and cash management;
- Related parties.

The Committee asked the PricewaterhouseCoopers representative and Head of Finance and Delivery a number of questions which were responded to accordingly. Discussions centred around the following: -

- Oracle system developments;
- Capital accounting procedures, particularly assets and heritage assets;
- The Beacon approach to valuing assets;
- Inaccurate reporting of senior officer pay by the press;
- Procedures undertaken in respect of the Vibrant and Viable Places grant received;
- The financial model used to calculate the provision relating to the capping and aftercare of the Tir John landfill site;
- Good housekeeping procedures in relation to school bank accounts reconciliation;
- Searches undertaken in relation to declaration of interest returns.

The Chair commented that correct procedures were being followed and the report highlighted a good state of affairs for the Authority. He thanked the Head of Delivery and Finance for the performance of his service and the PricewaterhouseCoopers representative for his report.

47 **HOUSING BENEFITS INVESTIGATION TEAM ANNUAL REPORT 2014/15.**

The Corporate Fraud Team Manager presented the Housing Benefits Investigation Team Annual Report 2014/15.

Members' noted the headline figures, joint working with the DWP investigators, data matching, fraud awareness; staff resources; interviews under caution; overpayments and sanction action; sanctions achieved; joint working with DWP; the National Fraud Initiative; housing benefit data matching service; fraud awareness; and staff resources.

Key issues arising from Member discussions included:

- Staff resources within the Corporate Fraud Team;
- How the Authority deals with low level fraud;
- Migration of all previously outstanding cases to DWP;
- The investigatory powers of the Corporate Fraud Team;
- The impact of the changes on benefits investigations;
- New areas of investigation, e.g. tenancy fraud;
- Use of press articles as a deterrent to fraud.

The Chair thanked the officer for providing the report.

RESOLVED that: -

- 1) The contents of the update be noted;
- 2) An interim report be provided in 6 months.

48 **INTERNAL AUDIT MONITORING REPORT QUARTER 2 2015/16.**

The Chief Auditor reported showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1st July 2015 to 30th September 2015.

A total of 26 audits were finalised during Quarter 2. 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.

An analysis of the audits finalised during the 2nd quarter was provided.

A total of 222 audit recommendations were made and management agreed to implement 221 recommendations i.e. 99.6% against a target of 98%.

An analysis of the recommendations agreed during Quarter 2 were provided. Appendix 2 showed each audit included in the Annual Plan approved by Committee in April and showed the position as at 30th September for each audit. Appendix 3 showed brief details of the significant issues which led to the 6 audits being considered to be 'moderate' or 'limited'.

It was add that a Management Action Plan which included a series of recommendations to address the issues arising from each audit receiving a negative level of assurance has been agreed with the service. A follow up audit would be arranged within 6 months of the final report being issued to confirm that the agreed recommendations have been implemented.

Details of follow ups completed between 1 July and 30 September 2015 were provided. It was reported that a follow up visit was made to confirm that the recommendations arising from the Section 106 audit had been implemented.

The Committee commented on the following: -

- Four of the six services receiving moderate ratings were from Adult Services and the Committee expected significant improvements of all areas of concern. This will be reviewed in six months;
- The limited audit rating given to Streetworks and the need for improvement;
- Online access to the Section 106 agreements.

RESOLVED that: -

- 1) The contents of the report be noted;
- 2) The Chair writes to the Chief Social Services Officer regarding the four moderate audit ratings within Adult Social Services and the Head of Highways and Transportation regarding the Streetworks audit;
- 3) The Chief Auditor circulates the details of the Section 106 follow up audit to the Committee.
- 4) The Chief Auditor circulates the link to the Section 106 database to the Committee.

49 **AUDIT COMMITTEE WORKPLAN.**

The Audit Committee Work Plan was provided for information.

The meeting ended at 3.40 pm

CHAIR