



City and County of Swansea

Minutes of the **Audit Committee**

Committee Room 5 - Guildhall, Swansea

Tuesday, 17 July 2018 at 2.00 pm

Present: Paula O'Connor (Independent Chair) Presided

Councillor(s)

P M Black
P K Jones
L V Walton

Councillor(s)

T J Hennegan
J W Jones
T M White

Councillor(s)

P R Hood-Williams
S Pritchard

Officer(s)

Simon Cockings
Kate Jones
Tracey Meredith

Chief Auditor
Democratic Services Officer
Head of Legal, Democratic Services & Business
Intelligence
Strategic Finance Officer – Corporate

Amanda Thomas

Also Present:

Geraint Norman
David Williams

Wales Audit Office
Wales Audit Office

Apologies for Absence

Councillor(s): C Anderson, O G James, M B Lewis and W G Thomas

18 **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 J W Jones –Minute No. 20 – Draft Annual Governance Statement 2017/18 - Member of Swansea Bay Port Health Authority – personal.

Councillor T M White - Minute No. 20 – Draft Annual Governance Statement 2017/18 - Member of Swansea Bay Port Health Authority – personal and Minute No. 22 – Wales Audit Office – City and County of Swansea Pension Fund – 2017/2018 – Audit Enquiries to those charged with Governance and Management. - Member of the Local Pension Board and benefactor of the Local Government Pension Fund – personal.

Paula O'Connor – Agenda as a whole – Employee of Velindre NHS Trust – Providing Internal Audit Service as Head of Internal Audit to Abertawe Bro Morgannwg University Health Board – Personal.

19 Minutes.

Resolved that the Minutes of the Audit Committee held on 12 June 2018 and the Minutes of the Special Audit Committee held on 26 June 2018 were approved and signed as correct records.

Minute 17 - The Chair confirmed that she had requested a meeting with the Chief Executive to discuss the impact of the 31 high level risks identified and how the Authority is managing those risks. She reported that she was still awaiting confirmation of a meeting date.

Minute 17 – The Committee had resolved to attend an Audit Committee of another Public Body. Mid & West Wales Fire Authority was proposed and agreed by the Committee. It was proposed that the Chair and Vice Chair also visit an Audit Committee of another Local Authority, Rhondda Cynon Taff County Borough Council was proposed.

20 Draft Annual Governance Statement 2017/18.

Tracey Meredith, Head of Legal, Democratic Services & Business Intelligence (Monitoring Officer) presented the draft Annual Governance Statement 2017/18. The Council was required by the Accounts and Audit (Wales) Regulations 2014 to undertake a review of its governance arrangements, at least annually. The review was intended to show how the Council had complied with its Code of Corporate Governance.

The principles of 'Delivering Good Governance in Local Government Framework 2016' established by CIPFA and SOLACE, were outlined. The behaviours and actions that demonstrate good governance in practice were set out for each principle, together with evidence of the Council's compliance with such behaviours and actions.

Some minor amendments to the Annual Governance Statement were reported verbally to the Committee. An updated version would be circulated.

In relation to engagement with stakeholders it was noted that the Annual Governance Statement for 2017/18 had been updated to include Co-production.

The Head of Legal, Democratic Services & Business Intelligence (Monitoring Officer) also highlighted the following: -

- Review of Effectiveness
- Internal Control Self-Assessment – Senior Management Assurance Statement
- Internal Sources of Assurance
- External Sources of Assurance
- Significant Governance Issues together with actions taken / proposed

The Committee discussed the information contained in the report. They raised concerns over adequate resourcing of Scrutiny to ensure it could operate effectively and provide good governance. It was added that that there were areas, particularly in

respect of evidence, where more detail could have been provided in the report. Questions were raised on the adequacy and accuracy of the Senior Management Assurance Statements as well as the appropriateness of the term 'sustainable savings', which implied that the savings were indefinite. It was suggested that term such as 'achievable savings' would be more appropriate.

The Chair requested approval of the Committee and Wales Audit Office to discuss the amendments / issues raised in addition to some further points the Chair had regarding the Annual Governance Statement 2017/18 with the Head of Legal, Democratic Services & Business Intelligence (Monitoring Officer). The amended Annual Governance Statement 2017/18 would then be circulated to the Committee. A Special Audit Committee would only be called if necessary. The final version of the Annual Governance Statement 2017/18 would be reported to Council in September.

Resolved that: -

- 1) the contents of the report be noted;
- 2) the Chair and Head of Legal, Democratic Services & Business Intelligence (Monitoring Officer) discuss amendments to the Annual Governance Statement 2017/18 and the amended version be circulated to the Audit Committee;
- 3) A Special Meeting of the Audit Committee be scheduled to approve the amended Annual Governance Statement 2017/18, only if required; and
- 4) The Chair to discuss the use of the term 'sustainable savings' with the Head of Financial Services & Service Centre.

21 Draft Statement of Accounts 2017/18.

Amanda Thomas, Strategic Finance Manager – Corporate, presented the Draft Statement of Accounts 2017/18.

It was outlined that Legislation required the Council to produce an annual Statement of Accounts in respect of each Financial year as follows:-

- **By 30 June** following the year to which the Accounts relate – Accounts to be drafted and signed by the Section 151 Officer;
- **By 30 September** following the year to which the Accounts relate the Accounts are required to be audited and approved by Council.

The Draft Accounts for 2017/18 had been prepared and were signed by the Section 151 Officer on 1 June 2018. A copy was provided at Appendix A of the report.

The Accounts had been formally presented to the Council's auditors, Wales Audit Office, who had commenced the audit of the Accounts. As part of the audit process, the Accounts would be made available for inspection by the public for a four week period from 23 July 2018 to 17 August 2018.

It was noted that there was no longer a requirement to include the Pension Fund in the Accounts and would be dealt with separately in the Pension Fund accounts.

The Committee asked questions in relation to HRA accounts; increase in expenditure / overspend; Right to Buy Sales and Mortgages; Charitable Trust Funds and Swansea Community Energy & Enterprise Scheme Shares.

The Chair and the Wales Audit Office representatives noted that the Statement of Accounts had been prepared early. This was very positive and allowed the Committee time for consideration. The Wales Audit Office reported that the ISO 260 would be presented to Audit Committee in September.

Resolved that: -

- 1) The contents of the report be noted;
- 2) The Chief Treasury & Technical Officer provide a brief to the Committee on the position of Charitable Trust Funds to provide clarity on why they are not included in the Statement of Accounts.

22 Wales Audit Office - City & County of Swansea Pension Fund - 2017-2018 - Audit Enquiries to those Charged with Governance and Management.

Geraint Norman, Wales Audit Office presented a letter on 'Audit Enquiries to those Charged with Governance and Management'.

The letter outlined the duties of the Wales Audit Office in respect of obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The letter also set out the enquiries as well as responses put to management and those charged with governance' of the City & County of Swansea Pension Fund (the Fund).

Resolved that the enquiries and responses be noted.

23 Wales Audit Office - City & County of Swansea - 2017-2018 - Audit Enquiries to those Charged with Governance and Management.

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The letter outlines the duties of the Wales Audit Office in respect of obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The letter also set out the enquiries as well as responses put management and those charged with governance' of the City & County of Swansea.

A correction to Page 55 of the Agenda Pack was noted: -
Appendix 1 – Background – Bullet point 1 – Should refer to UA (Unitary Authority) instead of UHB.

The Committee discussed the responses to enquiries. It was noted that the Corporate Fraud Plan was approved on the basis of ongoing resources and suggested that this be reflected in the responses.

The Committee also highlighted the response to Question 9 which stated that the current position in respect of delivering planned savings and drawing on reserves was not sustainable in the long term.

Resolved that the enquiries and responses be noted.

24 Audit Committee Action Tracker Report.

The Chief Auditor provided an Action tracker report 'for information'.

The Chair noted that she had not had sight of Significant Risks.

25 Audit Committee Work Plan.

The Chief Auditor reported the Audit Committee Work Plan 'for information'.

He noted that the Social Care Contracts Update had been added to 9 April 2019

The meeting ended at 3.05 pm

Chair