



Report of the Chair of the Audit Committee

Special Audit Committee – 16 September 2019

Draft Audit Committee Annual Report 2018/19

Purpose:	This report provides the draft Audit Committee Annual Report 2018/19 municipal year.
Policy Framework:	None
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that the Audit Committee review and discuss the Audit Committee Annual Report 2018/19 so that any suggested amendments can be made prior to the final version returning to Committee and later being presented to Council.
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Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Miller



Draft Audit Committee Annual Report 2018/19

City & County of Swansea

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1. Foreword by Mrs Paula O'Connor, Chair of the Audit Committee

- 1.1 This report provides an overview of the Audit Committee's work in the municipal year 2018/29. On 12th June 2018 the Audit Committee considered the election of Chair for 2018-19 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2018-19 Municipal Year.
- 1.2 I am pleased to present this report prepared by the Chief Auditor that reflects on the work of the Audit Committee. It also contains progress made by the Audit Committee in addressing the Wales Audit Office recommendations following their review of the Committee's performance against best practice CIPFA framework in June 2018. The Wales Audit Office will repeat their performance assessment on w/c 16th September 2019 and the outcome will be reported to the Council in October 2019.
- 1.3 In the 2017/18 Annual Report the Audit Committee gave commitment to progressing the necessary action to address the Wales Audit Office recommendations. The Committee at every meeting reviewed progress against those recommendations with the aim of developing and strengthening the Committee's effectiveness in fulfilling the Committee's terms of reference. Most notably the Committee received:-
- Presentation by the Deputy Chief Executive that outlined the Council's Assurance Framework;
 - Council's Risk Register was received for the first time on 14th August 2018 and the Directorate Risk Registers for the first time on 11th December 2018.
- 1.4 The presentation on the Assurance Framework and the reporting on the Council's Risks is a significant step forward in improving the Committee's ability to reflect on the effectiveness of governance, risk management and control that supports and informs the Council's Annual Governance Statement.
- 1.5 We have reviewed our work programme at each Committee meeting, taking account of risk and priorities.
- 1.6 The Chair, Vice-Chair and Chief Internal Auditor attended Cardiff City Council Audit Committee on 13th November 2018 to where appropriate observe and learn from the approach taken at these meetings. The most noticeable difference was the presence at this Audit Committee of a lay member Chair plus an additional four lay members.
- 1.7 The Audit Committees progress in addressing the Wales Audit Office recommendations is appended to this report at Appendix 2.
- 1.8 The Committee noted that the Risk Management processes across the Council remains under development and Officers are progressing to pilot a

new electronic risk management process/system. However, the associated roll out of the new system and the delivery of training needs remains a challenge and realistically it is unlikely that the new system will become fully implemented and operational for some time. The Audit Committee has requested that this work be concluded as soon as possible as the current status means that the Audit Committee is unable to fully review the effective development and operation of risk management in the Council¹. The Council should note the position.

- 1.9 The Audit Committee terms of reference states that the Committee “oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.”
- 1.10 The Committee has received reports regularly from the Chief Internal Auditor that included confirmation of the outcome of the External Quality Assessment of performance against the Public Sector Internal Audit Standards. The External Quality Assessor suggested the production of an assurance map as an improvement to the audit planning process. It is pleasing to report that the Chief Internal Auditor has progressed with this recommendation and reported in February 2019 with the draft assurance map, the audit methodology and the development of the Audit Assurance Plan. The Chief Internal Auditor has also been responsive to the Chair’s request in enhancing the information presented to the Audit Committee so that the Audit Committee are aware of the breadth and depth of assurances given.
- 1.11 The Wales Audit Office has provided the Committee with regular updates to their work also and a six month update received at the meeting in June 2018 highlighted slow progress in completing the Wales Audit Office recommendations. The Chair suggested that consideration be given to developing a tracker to give focus to improved completion of external audit recommendations.
- 1.12 The Chair has met during the period with the Chief Executive, Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and the Wales Audit Office.
- 1.13 At the meeting on 9th April 2019 the Committee received the Corporate Fraud Teams Anti-Fraud Plan for 2019/20 that was similar to the plan in 2018/19. The Corporate Fraud Team informed the Committee that the work of the Team was largely reactive due to the limited resource. The Committee endorsed the plan subject to ongoing review of the resource position by the Council’s Corporate Management Team and referral to Council for approval.
- 1.14 The Head of Legal, Democratic Services & Business Intelligence (Monitoring Officer) presented the draft Annual Governance Statement 2017/18 at the meeting in July 2018. A final draft was received at a special

¹ Audit Committee – Terms of Reference Paragraph 6

meeting of the Audit Committee on 23rd August 2018 and the Audit Committee agreed that the Statement be endorsed and referred to Council for Approval.

- 1.15 The Chair attended the Scrutiny Panel Conference 10th June 2019 and also Scrutiny Panel on 8th July 2019.
- 1.16 On 11th December 2018 the Leader attended the Audit Committee as the Auditor General for Wales had issued a letter highlighting the difficulties the Council had in delivering its planned levels of efficiency savings and the predicted shortfall in excess of £20 million in the 2019-20 financial budget. The Auditor General stressed that the Council must continue to risk assess its efficiency savings plans, to review and update its medium term financial strategy and to carefully monitor its reserves.
- 1.17 The Committee discussed the concern regarding the cost of the capital programme, the level of reserves, the risk to the Authority and the need to scrutinise the risk. Also, it was noted that a recovery plan should be developed on how the Council plans to deal with overspends and that the Audit Committee should be provided with regular budget variation reports. The Chief Finance Officer / Section 151 Officer agreed to provide this information to future meetings.
- 1.18 Looking forward to 2019/20, the financial challenges facing the Council will continue as will the need to increase performance. Within this context, the importance of an effective Audit Committee remains critical and the Committee is committed to enhancing its effectiveness through an ongoing training programme, delivering against the Wales Audit Office efficiency improvements and liaising with Officers to enhance the information that the Committee receives. The Committee will keep the Work Programme under regular review and will ensure that the Work Programme contains the critical challenges that the Council faces.
- 1.19 An all Wales Chair of Audit Committee Network event will take place on 11th October 2019. The focus of the day will cover the basics in delivering effectiveness across Governance, Risk and Assurance, and also Leading the Audit Committee to Influence and Add Value.

2. Role of Audit Committee

- 2.1 The Council is required, under the Local Government (Wales) Measure 2011 to have an Audit Committee which among other things must include at least one lay member.
- 2.2 The Measure requires the Audit Committee to:

- Review and scrutinise the Council's financial affairs.
 - Make reports and recommendations in relation to the Authority's financial affairs.
 - Review and assess the risk management, internal control and corporate governance arrangements of the Authority.
 - Make reports and recommendations to the Authority on the adequacy and effectiveness of those arrangements.
 - Oversee the Council's internal and external audit arrangements and review the financial statements prepared by the Authority.
- 2.3 The Measure also requires Councils to have Lay Member in their Audit Committee. Currently, the Chair of Audit is the only Lay Member at the Audit Committee.
- 2.4 The work of the Audit Committee is structured so that the Committee can gain assurance over the areas identified above and to comply with its terms of reference as show in Appendix 1.
- 2.5 This draft report describes the assurance that has been gained by the Audit Committee from various sources during 2018/19 and also outlines a number of other areas where briefings have been provided to the Committee.
- 2.6 The draft Audit Committee Annual Report 2018/19 is reported to the Committee to provide members with the opportunity to give their views on the assurances received and to identify the key messages arising from the work of the Committee during the year which should be reported to Council.
- 2.7 The draft report will be amended for any comments made at this meeting with the final report being presented to the Audit Committee for formal approval. The Chair will then present the Annual Report to Council later in the year.

3 Work of the Audit Committee in 2018/19

- 3.1 The Audit Committee has received regular reports in relation to standard agenda themes and receives reports of interest based on risk, governance and internal control measures. Each aspect is reported on below.

Standard Items

Internal Audit Assurance

- 3.2 The Audit Committee approved the Internal Audit Charter 2019/20 as required by the Public Sector Internal Audit Standards.

- 3.3 The Audit Committee also approved the Internal Audit Annual Plan 2019/20 and has received quarterly monitoring reports from the Chief Auditor showing progress against the 2018/19 Audit Plan.
- 3.4 The quarterly monitoring reports identified any audits that received a moderate or limited level of assurance along with an outline of the issues which led to the audit receiving the negative assurance level.
- 3.5 From April 2018 the relevant Head of Service and Service Manager have been required to attend Audit Committee following a moderate or limited audit report being issued in order to provide an update to members as to what action is being taken to address the issues that have been highlighted by the audit.
- 3.6 The Internal Audit Annual Report for 2017/18 was reported to the Audit Committee in August 2018 and the Internal Audit Annual Report for 2018/19 was reported to the Audit Committee in August 2019. Both reports included a review of actual work completed compared to the Annual Plan.
- 3.7 The Internal Audit Annual Reports for both 2017/18 and 2018/19 also included the Chief Auditor's opinion on the internal control environment which in both cases, stated that based on the audit testing carried out reasonable assurance could be given that the systems of internal control were operating effectively and that no significant weaknesses were identified which would have a material impact on the Council's financial affairs.
- 3.8 The Internal Audit Annual Report of School Audits 2017/18 was presented to the Audit Committee. This report summarised the school audits undertaken during the year and identified some common themes identified across school audits.

Annual Governance Statement 2017/18 & 2018/19

- 3.9 The draft Annual Governance Statement for 2017/18 was presented to the Audit Committee in July 2018 and draft Annual Governance Statement for 2018/19 was presented to the Audit Committee in August 2019, prior to being reported to Council for approval.
- 3.10 This gave the Committee the opportunity to review and comment upon the Statements to ensure that they properly reflected the assurances provided to the Committee.

Annual Statement of Accounts 2017/18 & 2018/19

- 3.11 The Strategic Finance Manager (Corporate) presented the draft Statement of Accounts 2017/18 for the Council and the Pension Fund to the Committee in July 2018 and the Chief Finance and Section 151 Officer

presented the draft Statement of Accounts 2018/19 for the Council in August 2019. Officers answered a number of queries raised by members of the Committee.

- 3.12 Following completion of the audit of the Statement of Accounts 2017/18 and 2018/19, the Wales Audit Office presented its ISA 260 reports on the audit of financial statements of the Council and Pension Fund to the Audit Committee prior to the reports going to Council. The reports presented the detailed findings of the audit and stated that the Wales Audit Office view was that the accounts gave a true and fair view of the financial position of the Council and Pension Fund.

External Audit Assurance

- 3.13 As well as the Audit of the Statement of Accounts reports mentioned above, the Wales Audit Office also provided an update report to the majority of scheduled meetings. The reports outlined the progress being made in financial and performance audit work to the Committee.

- 3.14 The Wales Audit Office also provided assurance to the Audit Committee by presenting the following reports:

- Annual Improvement Report 2017/18
- Annual Audit Letter 2017/18
- Overview and Scrutiny: Fit for the future?
- Wales Audit Office Audit Plan 2019

- 3.15 The Annual Audit Letter was presented to the Committee as an urgent agenda item in December 2018. The report concluded that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in their use of resources, but the Council continues to face significant financial challenges.

- 3.16 The report summarised the consequences of repeated budget overspends year on year and the resulting depletion of the general fund reserve. The report also noted that it was evident that the Council has had difficulty in delivering its planned levels of efficiency savings in a number of service areas. As a result, Wales Audit Office committed to undertaking a more detailed review of the Council's financial position in 2019/20.

Implementation of Audit Recommendations

- 3.17 An important role undertaken by the Audit Committee is monitoring the implementation of agreed audit recommendations arising from both internal and external audit.

- 3.18 The implementation of any Internal Audit recommendations arising from the fundamental audits is reported to the Audit Committee in the

Recommendations Tracker report. For 2017/18, the results of the tracker exercise showed that 78% of agreed recommendations had been implemented by 30 September 2018.

- 3.19 The implementation of any high or medium risk recommendations arising from non-fundamental audits that received a moderate or limited level of assurance are subject to follow up visits by Internal Audit to confirm they have been implemented. The results of the follow up audits are reported to the Audit Committee in the quarterly Internal Audit Monitoring Reports.
- 3.20 The Internal Controls Report presented to the Audit Committee by the external auditors includes any recommendations made as a result of their work and the action taken by management to implement the recommendations.

Governance and Risk Management

- 3.21 The Local Government (Wales) Measure 2011 makes the overview of risk management a function of the Audit Committee
- 3.22 A training presentation was made to the Committee on Risk Management during the year. In addition, the Committee received an additional presentation from the Strategic Delivery & Performance Manager in relation to the updated Risk Management Policy & Framework.
- 3.23 The Strategic Delivery & Performance Manager also provided regular updates to the Committee in relation to Risk Management throughout the year.
- 3.24 The Chair has no access to the Corporate and Directorate Risk Register, but members do have access to the Corporate and Directorate Risk Registers. The Corporate Risk Register was presented to committee on the 14th August 2018, with the Directorate Risk Register being presented on the 11th December 2018.
- 3.25 The Committee remains concerned that until the development of the electronic risk management arrangements are in place the Committee is unable to fully review the effective development and operation of risk management in the Council.
- 3.26 The Committee also received a presentation from the Deputy Chief Executive which outlined the Council's Governance Framework.

Relationship with Scrutiny Function

- 3.27 The Audit Committee has continued to develop a relationship with the Scrutiny function. The relationship is intended to ensure the following:

- Mutual awareness and understanding of the work of Scrutiny and the Audit Committee.
- Respective workplans are coordinated to avoid duplication / gaps.
- Clear mechanism for referral of issues if necessary.

3.28 The Chair of the Scrutiny Programme Committee has attended the Audit Committee to provide an update on the work of Scrutiny.

3.29 The Chair of the Audit Committee has also attended the Scrutiny Programme Committee to provide an update on the work of the Audit Committee.

Anti-Fraud

3.30 A Corporate Fraud Function was established during 2015/16 within the Internal Audit Section and the Corporate Fraud Annual Plan 2019/20 and Corporate Fraud Function Annual Report 2017/18 were presented to the Audit Committee.

Audit Committee Briefings

3.31 The Audit Committee received a number of briefings during 2018/19 as noted below:

- Work of Policy Development & Delivery Committees
- Review of Revenue Reserves
- Update on Trusts and Charities
- Treasury Management Annual Report 2017/18
- Update on Senior Management Assurance Statements
- Internal Audit Annual Plan Methodology 2019/20
- WAO Overview and Scrutiny: Fit for the future?
- Governance update and presentation by the Deputy Chief Executive
- Internal Audit Charter 2019/20
- Internal Audit Strategy & Annual Plan 2019/20
- DBS process update

Audit Committee Training

3.32 As stipulated in CIPFA guidance, training was provided in the follow areas:

- Audit Committee Role & Function
- Risk Management
- Financial Control & Accounting
- Governance
- Internal Audit
- External Audit

- Counter Fraud

3.33 The training in 2018/19 was delivered in short sessions prior to the start of each committee meeting.

3.34 A listing of all areas that were reviewed by the committee in 2018/19 can be found in Appendix 2.

4 Audit Committee Performance Review 2018/19

4.1 The Audit Committee's annual performance review for 2018/19 will be facilitated by the Wales Audit Office and is due to take place on 16th September 2019.

5. Audit Committee Performance Review 2017/18

5.1 The Audit Committee's annual performance review for 2017/18 was facilitated by the Wales Audit Office in June 2018. Members were asked to consider the areas that they felt had gone well and those they felt could be improved. The session was based around the seven core functions of an audit committee established by CIPFA.

5.2 Overall, the outcome of the performance review was that the Audit Committee judged the committee positively with a range of 5.5-7.5 out of a score of 10 for six of the seven core functions. Core function one relating to the committee's understanding of the Council's assurance framework and risk scored 3.6.

5.3 Eleven key findings were raised by the Wales Audit Office to be taken forward in 2018/19 to further strengthen the effectiveness of the Audit Committee. A summary of the key findings and the most recent update on implementation can be found in Appendix 3. As can be seen, the majority of the key findings have been actioned.

6. Looking Ahead

6.1 As the Chair has indicated in her foreword, the financial challenges facing the Council will continue as will the need to increase performance. Within this context, the importance of an effective Audit Committee remains critical and the Committee is committed to enhancing its effectiveness through an ongoing training programme, delivering against the Wales Audit Office efficiency improvements and liaising with Officers to enhance the information that the Committee receives. The Committee will keep the Work Programme under regular review and will ensure that the Work Programme contains the critical challenges that the Council faces.

6.2 Following the Chair's attendance at the all Wales Chair of Audit Committee Network event on 11th October 2019 and good practice or lessons to share/learn will be discussed at Audit Committee.

7. Committee Membership & Attendance

7.1 The membership of the Audit Committee during 2018/19 consisted of one Lay Member and 13 Non Executive Councillors elected by Council. Independent Members are appointed for no more than two administrative terms with Council Members reappointed annually.

7.2 The Committee is serviced by Council Officers, principally the Chief Finance Officer & Section 151 Officer, and the Chief Auditor. Representatives from the WAO also attend Audit Committee meetings.

7.3 The Committee met on 10 occasions during 2018/19 and followed a structured workplan which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee includes a lay member as required by the Local Government (Wales) Measure 2011. The lay member is also the Chair of the Committee.

7.4 The Audit Committee met on 10 occasions throughout the municipal period 2018/19 on the following dates: 12th June, 26th June, 17th July, 14th August, 23rd August, 11th September, 9th October, 11th December, 12th February and 9th April.

7.5 Committee Member attendance in 2018/19 is shown in the following table:

Attendance 2018/19	Possible	Actual
Independent Lay Members		
Mrs Paula O'Connor (Chairperson)	10	9
Non-Executive Councillors		
Councillor Paxton Hood-Williams (Vice Chairperson)	10	9
Councillor Cyril Anderson	10	8
Councillor Terry Hennegan	10	7
Councillor Beverley Hopkins (May to September)	6	0
Councillor Erika Kirchner (October to April)	4	3
Councillor Oliver James	10	5
Councillor Jeff Jones	10	8

Councillor Peter K Jones	10	8
Councillor Mike Lewis	10	8
Councillor Lesley Walton	10	7
Councillor Mike White	10	9
Councillor Sam Pritchard	10	7
Councillor Peter Black	10	9
Councillor Will Thomas	10	7

7.6 There were a number of changes to the membership of the Audit Committee during 2018/19. Of the current committee members, 11 were also members in 2017/18. The previous Vice Chairperson Councillor Lynda James resigned from the committee at the end of the last municipal year and was replaced by Councillor Peter Black. Councillor Paxton Hood-Williams was appointed as Vice Chairperson for 2018/19. Councillor Beverley Hopkins sat on the committee until September 2018 and was replaced by Councillor Erika Kirchner for the rest of the municipal year.

7.7 The Committee moved to a schedule of 2-monthly meetings in 2015/16 however it was recognised that the agenda for the 2-monthly meetings were becoming excessively long so a number of special meetings were arranged to help smooth out the Committee's work programme.

7.8 The Committee met on 10 occasions during 2018/19. Over the course of the year, attendance at the meetings was 74%.

8. Future Audit Committee Meetings

8.1 The Council Diary for the current municipal year continues to include Audit Committee meetings on a 2 monthly basis.

8.2 However, additional/special meetings may need to be held at certain times of the year to ensure the smooth delivery of the Committee's work programme. The Committee also has the ability to call further additional meetings when required.

9. Audit Committee Contact Details

Paula O'Connor Chair of Audit Committee	Chair.Audit@swansea.gov.uk
Councillor Paxton Hood-Williams Vice Chair of Audit Committee	Cllr.Paxton.Hood-Williams@swansea.gov.uk 01792 872038
Ben Smith Section 151 & Chief Finance Officer	Ben.Smith@swansea.gov.uk 01792 636409
Jeff Dong Interim Deputy Section 151 & Chief Finance Officer	Jeffrey.Dong@swansea.gov.uk 07810438119/ 07811847582
Simon Cockings Chief Auditor	Simon.Cockings@swansea.gov.uk 01792 636479
Jason Garcia Wales Audit Office	Jason.Garcia@audit.wales

10. Equality and Engagement Implications

10.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

10.2 There are no equality and engagement implications associated with this report.

11. Financial Implications

11.1 There are no financial implications associated with this report.

12. Legal Implications

- 12.1 Part of the role of the Audit Committee as set out by the Local Government (Wales) Measure 2011 is to make reports and recommendations in relation to the authority's financial affairs, including an assessment of the risk management and corporate government arrangements and the adequacy and effectiveness of those arrangements.

Background Papers: None

Appendices: Appendix 1 - Audit Committee Terms of Reference
Appendix 2 - Audit Committee Items Reviewed
Appendix 3 - Key Findings from the Committee Performance Review
2017/18

Audit Committee Terms of Reference

Audit Committee Statement of Purpose

1. Our audit committee is a key component of the City and County of Swansea's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the City and County of Swansea's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control

3. To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the Council.
8. To monitor progress in addressing risk related issues reported to the committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
11. To monitor the counter fraud strategy, actions and resources.

Internal Audit and External Audit

12. To approve the internal audit charter and resources.
13. To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
14. To consider summaries of specific internal audit reports as requested.

15. To consider reports dealing with the management and performance of the providers of internal audit services.
16. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
17. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
18. To consider specific reports as agreed with the external auditor.
19. To comment on the scope and depth of external audit work and to ensure it gives value for money.
20. To commission work from internal and external audit.

Financial Reporting

21. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
22. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

23. To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Note: Audit Committee Statement of Purpose extracted from the Council Constitution (31.01.18).

Committee Meeting Date	Items Reviewed
12 June 2018	Audit Committee Training Programme 2018/19 Internal Audit Monitoring Report Q4 2017/18 Audit Committee Performance Review 16/17 Action Plan Update Report WAO Proposals for Improvement Report – Six Month Update Overview of the Overall Status of Risk Report Q4 2017/18
26 June 2018	WAO Audit Committee Review of Performance 2017/18
17 July 2018	Draft Annual Governance Statement 2017/18 Draft Statement of Accounts 2017/18 WAO – City and County of Swansea Pension Fund 2017/18 Audit Enquiries to those Charged with Governance and Management WAO – City and County of Swansea 2017/18 Audit Enquiries to those Charged with Governance and Management
14 August 2018	Draft Statement of Accounts 2017/18 – Pension Fund Draft Audit Committee Annual Report 2017/18 Internal Audit Annual Report 2017/18 Audit Committee Review of Performance 2017/18 Action Plan - Draft Overview of the Overall Status of Risk Report Q1 2018/19
23 August 2018	Draft Annual Governance Statement 2017/18
11 September 2018	Internal Audit Monitoring Report Q1 2018/19 Corporate Fraud Annual Report 2017/18 WAO ISA 260 Report 2017/18 – CCS WAO ISA 260 Report 2017/18 – Pension Fund
9 October 2018	Scrutiny Work Programme 2018/19 Update on work of Policy Development Committees Annual Report of School Audits 2017/18 WAO Annual Improvement Report 2017/18 Chief Education Officer response to Schools Audit Report

<p>11 December 2018</p>	<p>Internal Audit Monitoring Report Q2 2018/19 Fundamental Audits Recommendation Tracker Report 2017/18 Overview of the Overall Status of Risk Report Q2 2018/19 Review of Revenue Reserves Report Trusts & Charities Update Report Treasury Management Annual Report 2017/18 Senior Management Assurance Statements Update Report Internal and External Audit Recommendation Follow-up Procedure Report Wales Audit Office Annual Audit Letter (Urgent Item)</p>
<p>12 February 2019</p>	<p>AC Performance Review 17/18 Action Plan Update Internal Audit Monitoring Report Q3 2018/19 Internal Audit Annual Plan Methodology Report 2019/20 WAO Proposals for Improvement Report – Six Month Update Overview of the Overall Status of Risk Report Q3 2018/19 WAO Overview and Scrutiny: Fit for the future? Report</p>
<p>9 April 2019</p>	<p>Governance Update Internal Audit Charter 2019/20 Internal Audit Strategy and Annual Plan 2019/20 DBS Process Update Report Monthly Corporate Risk Tracking Update Report Corporate Fraud Function Annual Plan 2019/20 WAO Annual Audit Plan 2018/19 CCS & Pension Fund Revenue and Capital Budget Monitoring Report Q3 2018/19 Progress Towards Meeting the Welsh Housing Quality Standards Report</p>

**KEY FINDINGS & PROPOSED ACTION PLAN
AUDIT COMMITTEE PERFORMANCE REVIEW 2017/18**

Key Finding	Proposed Actions	Target Date	Progress Update 13/08/19
Assurance Framework – The Audit Committee needs clarity on the Council’s Assurance Framework.	Audit Committee to be provided with a report that outlines the governance and assurance arrangements operating across the Council. Lead Officer: Chief Executive	September 2018	Complete Presentation by the Deputy Chief Executive to Audit Committee covering Governance Framework was provided on 09/04/19.
Risk Register – The Audit Committee needs to see the detail behind the Corporate Risk Register.	Corporate Risk Register to be reported to Audit Committee at future meetings. Lead Officer: Strategic Delivery & Performance Manager	August 2018	Complete Committee received register details on 14/08/18.
Annual Governance Statement (AGS) – The Audit Committee would like to see the AGS separated from the Annual Accounts and a draft copy sent to them for comment prior to approval.	Annual Governance Statement received at the July 2018 meeting and comments made by members. The Chair also met with Officers after the meeting to highlight further queries. The Annual Governance Statement to be brought back to Audit Committee as a second draft. Lead Officer: Head of Legal, Democratic Services & Business Intelligence	September 2018	Complete AGS was presented to Committee separated from the Annual Accounts on 17/17/18. Amended version was distributed to Members on 13/08/18. Special Meeting was arranged to discuss and approve final amended version of the AGS on 23/08/18.
Benchmarking – The Chair has provided benchmarking detail to Internal Audit (from other Councils) but there are no plans to visit and meet with other Audit Committees: i) Consider how to best use this benchmarking information. ii) Consider visits to other audit committees to search for good practice.	The Corporate Management Team will consider this further and update the Audit Committee. The Chair has asked for arrangements to be made to visit Cardiff Audit Committee. Lead Officer: Head of Democratic Services	December 2018 September 2018	Ongoing Completed Visit took place 13/11/18 – Chair, Vice Chair and Chief Auditor attended.

Key Finding	Proposed Actions	Target Date	Progress Update 13/08/19
<p>Council Objectives – The Audit Committee would like to see the amount of over-run and deferred audits to be included in the AGS.</p>	<p>As noted above comments and queries will be progressed/actioned by the Head of Legal, Democratic Services & Business Intelligence and the Governance Group.</p> <p>Lead Officer: Head of Legal, Democratic Services & Business Intelligence</p>	September 2018	<p>Complete Amended version of the AGS included commentary to reflect this, as approved by Committee on 23/08/18.</p>
<p>Partnerships – Review the mechanisms for assessing and scrutinising the risk associated with partnerships.</p>	<p>Audit Committee to be provided with a report that outlines the mechanisms for assessing and scrutinising the risks associated with partnerships.</p> <p>Lead Officer: Chief Executive / Head of Legal, Democratic Services & Business Intelligence.</p>	December 2018	<p>Ongoing</p>
<p>Reporting – produce a programme of expected external reports for Audit Committee to receive.</p>	<p>Known expected external reports will be added to the Audit Committee Work Programme.</p> <p>Lead Officer: Strategic Delivery & Performance Manager.</p>	December 2018	<p>Ongoing Reports will be added to the Audit Committee agenda for information as they arise.</p>
<p>Recommendations – produce a tracker for the recommendations that arise from the work of internal and external audit so that Audit Committee can effectively monitor progress.</p>	<p>Tracker for recommendations to be developed that will capture internal and external recommendations.</p> <p>To be discussed with Chief Auditor and Chief Finance Officer.</p> <p>Lead Officer: Chief Auditor, Chief Finance Officer</p>	December 2018	<p>Ongoing Report provided to Committee outlining the method of tracking internal and external audit recommendations on 11/12/18.</p>

Key Finding	Proposed Actions	Target Date	Progress Update 13/08/19
<p>Wales Audit Office (WAO) escalation process – clarify the process the WAO uses to escalate actions when recommendations have not been completed.</p>	<p>WAO to explain the process at the next Audit Committee Meeting.</p> <p>Lead: Wales Audit Office</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p>There is no formal process as such. The process is to agree actions with service managers and directors. If we have any problems with agreement or progress we will escalate to the Chief Executive. If we still have issues we will then raise with the Audit Committee Chair Audit Committee.</p>
<p>Meeting with WAO – consider who should attend meetings with the WAO as external auditor (just the Chair or the whole committee).</p>	<p>To be discussed by Committee.</p> <p>Lead: Chair of the Audit Committee</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p>This is a decision for the Audit Committee although as a minimum we would expect at least an annual meeting with the Chair. We are happy to meet the Chair and the Committee or a combination of both during the year. As per comment above, if we feel it is necessary we will request an ad hoc meeting with the Chair or the full Audit Committee.</p>