



City and County of Swansea

## Minutes of the **Audit Committee**

Committee Room 2 - Civic Centre, Swansea

Tuesday, 11 February 2020 at 2.00 pm

**Present:** P O'Connor (Chair) Presided

**Councillor(s)**

C Anderson  
P R Hood-Williams  
J W Jones  
T M White

**Councillor(s)**

D W Helliwell  
O G James  
M B Lewis

**Councillor(s)**

T J Hennegan  
P K Jones  
L V Walton

**Officer(s)**

Simon Cockings  
Jeffrey Dong

Tracey Meredith  
Martin Nicholls  
Jeremy Parkhouse  
Richard Rowlands  
Ben Smith

Chief Auditor  
Deputy Chief Finance Officer / Deputy Section 151  
Officer.  
Chief Legal Officer / Monitoring Officer  
Director of Place  
Democratic Services Officer  
Strategic Delivery & Performance Manager  
Chief Finance Officer / Section 151 Officer

**Also Present**

Jason Garcia  
Daniel King

Wales Audit Office  
Wales Audit Office

**Apologies for Absence**

P M Black, E T Kirchner, S Pritchard.

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**71 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.

**72 Minutes.**

**Resolved** that the Minutes of the previous meeting of the Audit Committee were approved as a correct record.

**Minute No.56 – Overview of the Overall Status of Risk – Quarter 2 2019/20**

The Chair noted that the following remained outstanding: -

- CR 88 – Health and safety / CR101 – How many Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) cases were reported to Health & Safety Executive in 2018 and 2019;
- CR101 – Regional working – have partnerships reviewed their governance arrangements and have they produced their annual reports;
- PE85 – Workforce planning and PE98 – what systems failures had occurred.

**Resolved** that the actions be added to the Action Tracker Report and responses be provided at the next ordinary meeting.

### **73 Scrutiny Work Programme 2019-20.**

Councillor M H Jones, Chair of the Scrutiny Programme Committee (SPC) presented a report which was provided to support the developing relationship between Scrutiny and the Audit Committee and sharing of information.

It was added that the report explained the background and purpose of the Scrutiny Work Programme, which was developed, managed and monitored by the Scrutiny Programme Committee. The report provided the overall agreed Scrutiny Work Programme, including work being carried out through various Scrutiny Panels and Working Groups established by the Committee; the SPC work plan; the work plan of the Service Improvement & Finance Scrutiny Performance Panel; and the Scrutiny Annual Report for 2018-19.

She praised the work of the Scrutiny Committee and Panels and referred to the work of the Scrutiny Team, highlighting the vacancy that had existed in the team since October 2019. She also highlighted the lack of support received by Scrutiny Panels compared to Policy Development Committees (PDC's) and the timing issues encountered when organising pre-decision scrutiny.

The Committee praised Councillor Jones for the manner in which she had chaired the Scrutiny Programme Committee and emphasised the importance and value of scrutiny, particularly when the Scrutiny Team were short staffed.

The Chair commented that problems with staff resource was a widespread issue and she would seek assurance regarding future management.

She added that tracking of external audit recommendations remained an issue. However, the Chair of Scrutiny explained that external audit reports were reported to scrutiny panels, who monitored progress.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) The Chair seeks assurance regarding future management of staff and staff resource being an issue throughout the Council;
- 3) Future monitoring of external audit recommendations be discussed further.

**74 Presentation - Update on Internal Control Environment Including Risk Management - Director of Place.**

Martin Nicholls, Director of Place provided a detailed and informative presentation on Governance and Assurance within the Place Directorate. Details provided included:

- Overview of Place Directorate
- Financial Control
- Assurance Framework

The Committee asked a number of questions of the Director, which were responded to accordingly. The following issues were discussed: -

- Residents' concerns regarding fly-tipping, particularly enforcement and the perceived success of neighbouring authorities in catching / penalising offenders compared to Swansea Council;
- The possibility of the Council using CCTV coverage of known fly-tipping hotspots, using the public to identify offenders and how with evidence, the Council prosecutes offenders;
- Expanding the use of CCTV to include areas of concern highlighted by Ward Councillors;
- Improving the marketing of trade waste services provided by the Authority, the recycling difficulties encountered with trade waste collections and the introduction of a new pricing mix;
- The Council providing additional information regarding recycling to residents;
- The change of delivery of leisure services to Freedom Leisure;
- The proportion of grants that made up gross / net expenditure and the difference if there were no grants available.

The Chair thanked the Director of Place for his presentation and stated that it had provided the Committee with a thorough understanding of procedures and had given assurance regarding management controls within the Place Directorate.

**75 Internal Audit Annual Plan Methodology Report 2020/21.**

The Chief Auditor presented the report which provided a briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2020/21 being reported to the Special Committee for approval on 10 March 2020.

It was added that the Public Sector Internal Audit Standards (PSIAS) provided a framework for the delivery of a professional, independent and objective internal audit service and are mandatory for all internal audit providers in the public sector in the UK. One of the requirements of the PSIAS is that an annual risk-based Internal Audit plan must be prepared to determine the priorities of Internal Audit and to ensure consistency with the Council's goals. The Plan must allow sufficient audit coverage across the whole Council for the Chief Auditor to be able to provide an annual opinion to Council via the Section 151 Officer and Audit Committee on the

control environment covering corporate governance, risk management and internal control.

Details of the Internal Audit Plan Methodology were outlined and an extract of the PSIAS requirements regarding internal audit planning was provided at Appendix 1, details of Internal Audit Annual Planning Process was provided at Appendix 2 and a copy of the Risk Assessment form used was provided at Appendix 3.

The Committee highlighted that Health & Safety (CR88) did not have any documentation relating to air quality.

The Chair commented upon Workforce Strategy (CR85), particularly the Council agreeing a Strategy with resources at a bare minimum and Regional Working (CR101), particularly providing assurance to partner organisations. Jason Garcia, Wales Audit Office explained that Neath Port Talbot Council provided Scrutiny of the City Deal Joint Committee and Swansea Councillors represented the Authority on the Scrutiny Committee, providing assurance.

The Chief Auditor added that a follow up audit of the City Deal would be undertaken in Quarter 4 and would be reported to a future meeting.

**Resolved** that: -

- 1) the contents of the report be noted;
- 2) the risk owner of Health & Safety (CR88) provide further information outlining why air quality was not included in the risk;
- 3) the Chief Auditor includes a review of Workforce Strategy in the programme of work next year.

## **76 Internal Audit Recommendation Follow-Up Report Quarter 3.**

The Chief Auditor presented a report to allow Committee to monitor the implementation status for those audits that have been subject to a follow up review in the quarter.

Appendix 1 provided a summary of the recommendations accepted and implemented. Appendix 2 provided details of recommendations not implemented.

In addition, the report provided further details of standard follow-up procedures, fundamental audits, non-fundamental audits, Chief Auditors Group PI's and External Audit recommendation tracking.

It was highlighted that 99% of the audits had been completed and only 1 low risk recommendation remained outstanding.

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

## **77 Governance Group Update Report.**

Richard Rowlands, Strategic Delivery & Performance Manager provided a verbal update on the newly formed Governance Group.

It was outlined that the Group held its first meeting in January 2020 and discussed the following: -

- Senior management assurance statements being discussed by the Group;
- Budget pressures – both external and internal;
- Workforce capacity – including resilience, capability, appraisals, performance and inductions;
- Embedding the principles of Well-being of Future Generations (Wales) Act 2015 into Council business / daily work;
- LAC Issues;
- Partnership Governance – patchy governance issues;
- ICT Disaster Recovery – concerns regarding data breaches;
- Statements providing assurance.

It was added that all of the issues raised would be reviewed by the Group. Directors had a key role and had to ensure their statements were supported, there was a need to involve Heads of Service to provide them with ownership and ensure the process was manageable.

Councillor L V Walton, who represented the Committee on the Group, also commented that Heads of Service taking ownership was positive and suggested that they should countersign the SMAS. She highlighted the significance of all issues, the detail contained in the paperwork from the previous 5 years, that the current SMAS document was an improvement on earlier versions and the need to provide evidence as support.

The next meeting of the Group was scheduled for 11 March 2020 and details would be provided to a future Audit Committee.

The Chair highlighted issues with the timing of the Annual Governance Statement. The Chief Legal Officer stated that the Committee should consider having a six monthly update report next year.

**Resolved** that: -

- 1) the contents of the update be noted;
- 2) the Governance Group will ensure that a six-month update report is provided to the Audit Committee next year.

## **78 Overview of the Overall Status of Risk - Quarter 3 2019/20.**

The Strategic Delivery & Performance Manager presented a 'for information' report which presented an overview of the status of risk in the Council during Quarter 3,

2019/20 to provide assurance to the Committee on the operation of the risk management policy and framework within the Council.

Appendix A provided the Quarter 3, 2019/20 period and compared an overview of the position to Quarter 2, 2019/20. The Corporate and Directorate Risk Registers were provided at Appendix B.

The Committee discussed the following: -

- Reasons for closure – Risks being closed down without full explanations outlining why the risk had closed;
- Staff Resources - Concern that the Strategic Delivery & Performance Manager only had one officer available to work on risk and plans to build knowledge and resilience within the team;
- Risk Owners – The Committee requesting that risk owners to attend future meetings to provide assurance regarding risks;
- Swansea's Natural Resources & Biodiversity, Risk 46 – Provided a comprehensive description of the risk and is a reputational risk for the Authority;
- ICT Disaster Recovery, Risk 224 – current position and the need for the risk owner to address the Committee to provide an update and outline the controls against the risks.

**Resolved** that: -

- 1) the Strategic Delivery & Performance Manager considers the exception reporting format for future meetings;
- 2) the reasons for the closure of a risk be reported to the next Audit Committee meeting.

## **79 Trusts & Charities.**

The Deputy Section 151 Officer presented 'for information' the Trusts and Charities report to provide background information to the Committee on the range of trusts and charities of which the Council is the nominated trustee.

The Council's portfolio of Trusts and Charities was outlined at Appendix 1. It was added that the Council had historically supported these trusts and charities in the provision of professional services on a pro bono basis (Legal, Finance, Democratic Services, IT, Facilities and Education & Social Services) to enable the trust & charity to undertake its objectives. The costs / time associated with this provision has never been quantified and the degree of support and activity between Trusts and Charities varied widely.

Appendix 1 provided the summary of trusts and charities and Appendix 2 gave details of the Trustees Panel. Details of governance and the resources to support the Trusts & Charities were detailed. Reference was also made to the previous pilot scheme taken out with Community Foundation in Wales.

The Committee discussed the following: -

- Dormant Accounts - The number of dormant accounts and the amount of resource required to close down the accounts;
- Morriston Park Fountain - The possibility of transferring funds to the Friends of Morriston Park Group and the amount of resources required to close down the accounts;
- Legal Implications – Legal implications of using funds to support projects other than those covered in the trusts deed.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) Trusts and Charities be the subject of a full Internal Audit Review.

**80 Audit Committee Action Tracker Report.**

The Audit Committee Action Tracker Report was provided for information.

**81 Audit Committee Work Plan.**

The Audit Committee Work Plan was reported for information.

The meeting ended at 3.43 pm

**Chair**